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Groupe Berkem

French public limited company (*Société anonyme*) with a Board of Directors with capital of €39,791,306.25
Registered office: 20, rue Jean Duvert, 33290 Blanquefort, France
Bordeaux Trade and Companies Register 820 941 490

ANNUAL REPORT

December 31, 2021

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1. STATEMENT OF THE PERSON RESPONSIBLE FOR THE ANNUAL REPORT

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all consolidated companies, and that the management report on pages 6 to 33 presents a true and fair view of the development of the business, results and financial position of the Company and of all consolidated companies and describes the main risks and uncertainties to which they are exposed.

Blancfort, April 29, 2022

Mr. Olivier Fahy
Chairman and Chief Executive Officer

2. MANAGEMENT REPORT

2.1. INFORMATION ON THE ACTIVITIES OF THE COMPANY AND THE GROUP

2.1.1. Situation of the Company and the Group during the past fiscal year

2.1.1.1. Activities of the Company and the Group during the past fiscal year

The Group applies its industrial know-how and innovation through two specialized divisions:

- Plant extraction: through its subsidiary Berkem, the Group extracts natural ingredients of interest, carefully selected for their composition of active molecules and their benefits. Berkem targets active ingredients, such as polyphenols, natural antioxidants extracted from grape seeds or pine bark. These active ingredients and compounds are then offered to manufacturers in the food supplements, cosmetics and food-processing sectors for the formulation of their products. Since 2018, through its subsidiary Eurolyo, the Group has also proposed freeze-drying services that make it possible to preserve all the organoleptic and nutritional qualities of the food as well as the fragile active ingredients intrinsic to the products, while extending the shelf life and facilitating transport and storage. The plant extraction expertise division contributes 31.5% (vs. 35% in 2020) of 2021 pro forma consolidated revenue and amounts to €14.5 million.
- Formulation: through its subsidiaries Adkalis and Lixol, the Group carries out the formulation and reaction of active chemical ingredients designed to improve the performance of construction materials (in particular the timber industry) and the synthesis of resins for the paint and printing ink industries. The formulation division contributed 68.5% (vs. 65% in 2020) of the 2021 pro forma consolidated revenue, amounting to €31.6 million. This revenue generated by the formulation division shows a sharp increase, up +20% on 2021, thanks in particular to the acceleration in demand for bio-sourced solutions in the construction industry (+33%), as well as in the pest control market (+21%).

These two areas of expertise converge to develop a new technology that is unique in the chemical world: “plant-based boosters”, plant extracts capable of promoting a wide spectrum of efficacy of synthetic products while reducing their risks for people and the environment. The plant extraction business brings its expertise in identifying molecules of interest contained in various plants to the biocide formulation division working to optimize the use of the right dose of molecules generated by synthesis chemistry.

Over the past few years, Groupe Berkem has incorporated these plant-based boosters into most of its formulation product ranges, with the aim of covering its entire product portfolio.

In 2020, Groupe Berkem decided to open up this offer more widely by providing its original solutions to other players in the chemical industry, thus promoting the use of bio-sourced solutions, in the biocides industry in particular.

This third area of expertise represents an important future growth driver for Groupe Berkem. Income from the “Boosters” business, which in 2021 consisted mainly of disinfection products for hygiene markets, for their part represented turnover of €26 thousand in 2021. In addition to this new separate product line, the Group uses boosters as an ingredient in its range of bio-sourced products in its coatings, construction and pest control activities within its Formulation business.

- **IPO of the company on the Euronext Growth market in Paris**

In December 2021, the Company carried out a capital increase of €43.9 million, in the context of its IPO on the Euronext Growth market in Paris, the initial offer having been oversubscribed, the Company exercised the Extension Clause in full. In addition, following the partial exercise of the over-allotment option, the total amount of the offer was increased to €52.2 million. The total number of Groupe Berkem shares placed in the context of its IPO therefore amounts to 5,615,191 shares, including 4,719,222 new shares and 895,969 existing shares (see paragraphs 2.1.1.2 and 2.1.3.2 for more details).

Post-transaction market capitalization is approximately €165 million.

- **Transactions on the share capital and changes in the identification of the company**

A contribution-sale of securities in BERKEM DÉVELOPPEMENT was carried out by HOF to GROUPE BERKEM on March 8, 2021. On this date, the latter became the holding company of BERKEM DÉVELOPPEMENT.

This contribution-sale involved 33,485,060 ordinary shares of BERKEM DÉVELOPPEMENT, i.e. 81% of the capital and voting rights. In consideration for this contribution, GROUPE BERKEM carried out a capital increase of €29,135 thousand.

The remainder of the BERKEM DÉVELOPPEMENT shares held by HOF were acquired by GROUPE BERKEM. This sale operation involved 5,014,938 shares of BERKEM DÉVELOPPEMENT, i.e. approximately 12% of the capital and voting rights of the company.

A pro forma income statement showing the unaudited financial position has been prepared in order to reflect the effects of the acquisition as if it had been completed on January 1, 2021 (see Section 6.2 of this document).

At the same time, the company name IMMOBILIÈRE ET FONCIÈRE was changed to GROUPE BERKEM.

- **Acquisition of non-controlling interests**

- **BERKEM DÉVELOPPEMENT**

GROUPE BERKEM took control of BERKEM DÉVELOPPEMENT following two successive transactions. On March 8, 2021, a contribution by HOF of 81% of the shares was made as well as the acquisition of 12% of the shares held by HOF.

On December 15, 2021, the remaining 2,603,076 shares were acquired from M CAPITAL for a value of €3,436 thousand.

- **BERKEM SAS**

In 2021, BERKEM DÉVELOPPEMENT acquired the BERKEM shares held by MIDI CAPITAL. The transaction related to 1,532,991 shares for a total value of €2,022 thousand.

As a result of this acquisition, at the close of 2021, BERKEM DÉVELOPPEMENT holds 100% of the share capital of the company BERKEM.

Following these transactions in 2021, all of the non-controlling interests were acquired.

- **Global early redemption of convertible bonds held by the NOVI 2 fund on December 15, 2021.**

The nominal value of the redeemed convertible bonds amounted to €14,600 thousand, as well as €657 thousand in non-conversion premiums, €2,929 thousand in capitalized interest and €1,185 thousand in cash interest.

- **Industrial incident**

On June 24, 2021, one of the workshops at the Lixol site in La Teste-De-Buch experienced an incident that led to its closure. Business interruption and property damage insurance has been invoked as well as the partial unemployment scheme. Activity resumed on November 8, 2021.

2.1.1.2. Legal information

Pursuant to a private deed dated February 19, 2021 recording the decisions of the sole shareholder, the share capital was reduced by a nominal amount of €12,525 by way of a reduction in the par value of the shares, which were reduced from a par value of one euro each to €0.75 each.

Pursuant to a private deed dated March 8, 2021, the sole shareholder decided to convert the Company into a French public limited company (*société anonyme*) with a Board of

Directors. Mr. Olivier Fahy, Mr. Stanislas Fahy, Mr. Thierry Lambert, Mr. Michael Wood, Mr. Egbert Schwitters and Mr. Alessandro Bascelli were appointed as new Directors.

On the same date, the sole shareholder also decided:

- to proceed with the reverse split of the shares making up the Company's capital so that the Company's share capital, which amounted to €37,575 divided into 50,100 shares with a par value of €0.75 each, is divided into 16,700 shares with a par value of €2.25 each;
- to increase the share capital by €29,135,481.75 by issuing 12,949,103 new ordinary shares with a par value of €2.25 each as consideration for the contribution in kind of the shares in the company Berkem Développement granted by the sole shareholder.

At its meeting of March 10, 2021, the Board of Directors appointed Mr. Olivier Fahy as Chairman of the Board of Directors for the duration of his term of office as Director. It also decided to combine the functions of Chairman of the Board of Directors and Chief Executive Officer in the person of Mr. Olivier Fahy.

Mr. Egbert Schwitters resigned from his duties as Director on April 2, 2021.

At its meeting of November 18, 2021, the Board of Directors approved the initial public offering of the Company's shares on the Euronext Growth Paris market.

On the same date, the Board of Directors, making use of the delegation granted under the Fifth Resolution of the Combined General Meeting of April 26, 2021, approved the principle of a capital increase through the issue of new shares, with cancellation of preferential subscription rights without indication of beneficiaries, and by public offering of financial securities, by the issue of a maximum of 4,103,672 shares, which may be increased to 4,719,222 new shares in the event of exercise in full of the Extension Clause.

On December 3, 2021, the Company announced the successful completion of its IPO on the Euronext Growth® Paris market¹. The final IPO price was set at €9.30 per share at the meeting of the Board of Directors held on December 3, 2021. With global demand of €43.9 million, the Company's share capital now consists of 17,685,025 shares, representing a valuation of €165.5 million based on the IPO price. The free float represented 27.91% of the capital.

2.1.2. Foreseeable changes in the position of the Company and the Group

With the aim of continuously improving the existing customer service while generating new customers, Groupe Berkem plans to launch a vast recruitment campaign to strengthen its sales force. In particular, the Group wants to recruit salespeople to accelerate its

¹ Press release of June 29, 2021, available via the Company's website

international development and roll out its bio-sourced solutions. In the field of plant extraction, the Group has already recruited two salespeople and a marketing manager during the 2021 fiscal year, and aims to double its sales force in France.

One of the main elements of Groupe Berkem's strategy in the short- to medium-term, is to expand its commercial activities in geographical areas that it considers to have high potential and where the Group has little or no presence today. At December 31, 2021, 28% of Groupe Berkem's turnover was generated in Europe and from major exports. The Company intends to open local offices in strategic locations to reach new regions and even have its own production resources in these geographical areas. With regard to the cosmetics and nutritional supplements markets, the preferred geographical areas as commercial outlets for French production will be the United States, Europe and South-East Asia. The commercial effort in wood preservation will be focused on Canada and Eastern Europe and may require the development of industrial partnerships; and eventually, the establishment of local workshops to dilute products. With regard to alkyd resins, the preferred areas will be Canada and Europe and the Group may in the future wish to have its own production resources in these regions.

Finally, the Group's organic growth strategy could be accelerated by selective mergers and acquisitions, enabling the Group to expand its international presence, broaden its customer portfolio or strengthen its existing expertise.

2.1.3. Post-closing events

2.1.3.1. Post-closing operational events

On January 26, 2022, the Company announced the strengthening of its Management team with the appointment of Mr. Eric Moussu as Group Sales Director.

On February 7, 2022, the Company announced the initiation of the hedging of its shares by Berenberg and TP ICAP².

On March 28, 2022, the Company announced the launch of its range of fully bio-sourced resins for the Building paint market. This resin, made from bio-sourced and renewable raw materials, uses a 100% bio-sourced solvent.

2.1.3.2. Post-closing events of a legal nature

On January 7, 2022, Groupe Berkem announced the end of the stabilization period as part of its initial public offering on the Euronext Growth market in Paris, which began on December 8, 2021, as well as the partial exercise of the over-allotment option for 679,986 shares. The total final number of shares offered in the context of the offer is 5,615,191

² Press release of February 7, 2022, available via the Company's website.

shares, i.e., 4,719,222 new shares and 895,969 existing shares. The free float amounted to 31.75% of Groupe Berkem's capital.

On the same day, the Company announced the implementation of a liquidity contract for its ordinary shares from January 10, 2022 (see paragraph 2.4.4 of this document).

At its meeting of March 3, 2022, the Company's Board of Directors authorized the free allocation of 111,250 shares in favor of eight employees of the Group. The final allocation of these shares is subject to a presence condition. A retention period will then be applicable to these shares.

The tax consolidation group of which BERKEM DÉVELOPPEMENT was the head of the group came to an end on December 31, 2021. A new tax consolidation group was created on January 1, 2022. The head company of this new group is GROUPE BERKEM, registered with the Bordeaux Trade and Companies Register under number 820 941 490. The companies included in the scope of the tax consolidation are ADKALIS, BERKEM, BERKEM DÉVELOPPEMENT, EUROLYO and LIXOL.

2.1.4. Research and development activities

Research and Development is at the heart of the Group's innovation strategy. With four laboratories dedicated to R&D and a team of 15 employees including eight engineers or PhD holders, the R&D teams are one of the Group's strengths.

Over the last three fiscal years, an average of nearly 100 projects per year were conducted by the Group's R&D teams (Research Tax Credit and Innovation Tax Credit), of which 75% were in partnership with clients. Groupe Berkem's activities for its customers have been eligible for Research Tax Credit expenses since 2014. The Group benefited from the Research Tax Credit, the Innovation Tax Credit and other subsidies in a total amount of €592 thousand in 2021.

The objective of the Group's R&D teams is to maintain constant innovation to enhance all of the Group's ranges with products incorporating compounds derived from plant extraction, to propose products with very high added value (particularly in the context of specific developments or co-development with customers to consolidate long-term business relationships) and anticipate market changes.

2.1.5. Branches

None.

2.1.6. Analysis of changes in the business, results, and financial position of the Company and the Group

NB: Please note that, unless expressly stated otherwise, the data below are extracted from the Group's consolidated financial statements for the period from March 8, 2021 to December 31, 2021 (10 months). The Group also discloses the data extracted from the pro forma consolidated income statement prepared to illustrate the activity over a 12-month period.

Turnover

The Group's consolidated turnover from March 8 to December 31, 2021 represents the consolidated amount of trading, services, and production activities. Turnover is recognized on delivery for sales of goods and finished goods, and on completion for services.

The breakdown of Group turnover is as follows:

	December 2021
France	28,972
Export	9,547
Total	38,519

At December 31, 2021, the pro forma consolidated revenue (12 months) of Groupe Berkem amounted to €46.1 million, an increase of nearly 14% compared to fiscal year 2020 (€40.6 million in revenue). As a reminder, the average annual growth in revenue between 2013 and 2020 was + 11.9%.

The plant extraction expertise division contributes 31.5% (vs. 35% in 2020) of 2021 pro forma consolidated revenue and amounts to €14.6 million.

The formulation division contributes 68.5% (vs. 65% in 2020) of the 2021 pro forma consolidated revenue, amounting to €31.6 million. This revenue generated by the formulation division shows a sharp increase, up +20% on 2021, thanks in particular to the acceleration in demand for bio-sourced solutions in the construction industry (+33%), as well as in the pest control market (+21%).

Breakdown of turnover by business sector

For information, the breakdown of revenue amounts below corresponds to 12-month data. The total over 12 months is €46,066 thousand. The 12-month consolidated income statement shows an amount of €38,519 thousand. The difference corresponds to transactions between January 1, 2021 and March 8, 2021.

	In thousands of euros	As % of turnover
Food & sub-contracted work	2,479	5%
Cosmetics	4,204	9%
Nutritional supplements	7,738	17%
Other	142	0%
Plant extraction	14,563	32%
Construction	19,804	43%
Coatings	5,970	13%
Pest control	5,389	12%
Boosters	26	0%
Other	314	1%
Formulation	31,503	68%
Total turnover	46,066	100%

Overall gross margin

The consolidated overall gross margin is the following:

	December 2021
Turnover	38,519
Production in inventory	902
Capitalized production	1,568

Transfers of operating expenses	1,034
Purchases consumed	(16,359)
Gross margin	25,665
Gross margin rate	67%

Other purchases and external expenses

The breakdown of other purchases and external expenses, presented in the income statement, is as follows:

	December 2021
Finance lease fees	(43)
Rentals and rental expenses	(484)
Compensation of temporary staff & fees	(1,392)
Other external expenses	(413)
Purchases of materials and supplies not in inventory	(974)
Seconded personnel	(10)
General subcontracting	(338)
Maintenance and repairs	(493)
Insurance premiums	(309)
Studies and research	(569)
Miscellaneous	(91)
Advertising	(403)
Transportation	(1,502)
Travel, assignments	(615)
Postal charges	(118)
Banking services	(63)
Commitment fees and loan issuance costs	(6)
Other purchases and external expenses	(7,822)

Personnel expenses

The breakdown of personnel expenses, presented in the income statement, is as follows:

	December 2021
Personnel compensation	(6,820)
Social security and welfare expenses	(2,951)
Other personnel expenses (including profit-sharing)	(90)
Personnel expenses	(9,862)

Net financial income

Net financial income breaks down as:

	December 2021
Income from investments	7
Income from marketable securities	-
Foreign exchange gains	20
Other financial income	1
Income from other financial assets	112
Reversals of provisions	1
Total financial income	142
Interest expense on borrowings	(2,013)
Foreign exchange losses	(18)
Other financial expenses	(46)
Provisions	(2)
Total financial expenses	(2,079)
Allowance for/Amortization of bond redemption premiums	(480)
Total net change in financial impairments and provisions	(480)
Total net financial income	(2,417)

Interest expenses consist mainly of €1,617 thousand in interest on bonds and €358 thousand in interest on the senior debt subscribed by Berkem Développement.

Non-recurring income

Non-recurring income breaks down as:

	December 2021
Income from disposals of fixed assets	165
Other non-recurring income	139
Reversals of provisions	50
Total non-recurring income	354
Carrying amount of assets sold	(1)
Other non-recurring expenses	(1,351)
Extraordinary provisions	(339)
Total non-recurring expenses	(1,691)
Total non-recurring net income	(1,337)

Other exceptional expenses include:

- the presentation in exceptional expenses of the accounting treatment of the value of inventories at the opening, which has a negative and non-monetary impact on the margin at the time of the actual sale of the inventories for €368 thousand;
- internal expenses related to the IPO for €588 thousand.

2.1.7. Key financial and non-financial performance indicators

The Group's financial performance is monitored as follows:

- on an ongoing basis in terms of turnover both by entity and by customer;
- monthly interim management balances are generated by entity and aggregated;
- each month a report is prepared by company with the following information:
 - o turnover and margin by customer, by sales representative and by product,
 - o change in industrial cost price (ICP)³ and change in raw material costs.

Each production unit outsources a ICP which is monitored by production managers.

³ The industrial cost price is the production cost including:

- consumption of raw materials, semi-finished products and packaging as well as direct and indirect production costs;
- depreciation of assets used in production;
- to which a structure coefficient is applied in fine.

The purchase prices of materials are analyzed and monitored. In the event that a supplier announces a future increase, the Group immediately analyses the impact on its PRI and attempts, where possible, to find a replacement or an alternative solution to limit the impact.

EBITDA, the EBITDA margin and gross operating profit⁴ are also monitored.

Gross operating profit excludes “other income” and “other operating expenses” which are included in the calculation of EBITDA.

2.1.8. Main risk factors

In the context of its IPO on the Euronext Growth® Paris market, the Company had presented the risk factors applicable thereto in Section 3 “Risk factors” of the Registration Document and in Section 2 “Risk factors related to the Offer” of the Transaction Memorandum. These documents are available via the Company’s website. As far as the Company is aware, there are no new major risks compared to those identified in these documents.

- **Industrial incident**

On 24 June 2021, an incident occurred at the Lixol site, based in La Teste-de-Buch. A detonation followed by a water vapor leak from a reactor containing an alkyd resin in process was observed. Following the incident, the reactor workshop in Teste-de-Buch was closed and the two reactors on the site were temporarily removed from service so that they could be fully inspected and repaired and the workshop structures, equipment and materials could be inspected and refurbished. As of the date of this document, the repair of the reactor by the Group's service provider has been completed and the cost has been covered by insurance. Work resumed in the reactors workshop on November 8, 2021.

- **Military conflict in Europe**

On February 24, 2022, Russia declared war on Ukraine, triggering a major crisis. On an international level, the economic and financial impacts are expected to be significant.

According to management, the war in Ukraine has no immediate impact on the activity of the Group’s companies as there is no relationship with Ukraine and Russia.

In the long term, some raw material supplies could be impacted.

2.1.9. Subsidiaries and equity interests

⁴ Gross operating profit corresponds to the operating resources generated by the Group. It does not take into account extraordinary income and non-recurring expenses, depreciation and amortisation or the Group’s financing policy.

2.1.9.1. Activity and results of subsidiaries and equity interests

As of the date of this document, the Group has four main operating subsidiaries.

2.1.9.1.1. Berkem (plant extraction)

Berkem, a company created in 1993 and founded on proven know-how of more than 55 years, is Groupe Berkem's subsidiary dedicated to the extraction of active ingredients. Thanks to its integrated R&D laboratory, Berkem develops product ranges from plants selected for their composition of active molecules and their properties. These active ingredients are then offered to players in the major nutraceutical, cosmetics and food-processing markets for the formulation of their products. Berkem also develops custom plant extracts with high added value, such as saffron or truffle extracts, which guarantee exclusive production.

Each year, more than 450 products are manufactured, more than 150 orders are taken and more than 5,000 analyses are carried out (raw materials, intermediate products and finished products). In addition, suppliers are assessed regularly, while customers audit the products and services in order to validate compliance with their specifications.

2.1.9.1.2. Eurolyo (plant extraction)

In February 2018, Groupe Berkem acquired Eurolyo, providing the latter with the additional industrial resources necessary for its growth. Operational synergies with the Berkem subsidiary are numerous: same business sectors, common customers, upstream/downstream integration of products/packaged offers.

Located in Chartres, Eurolyo has specialized in custom freeze-drying since 1995. The various freeze-drying processes make it possible to preserve all the organoleptic and nutritional qualities of the food as well as the fragile active ingredients intrinsic to the products, while extending their shelf life and facilitating their transport and storage.

In 2021, to consolidate its development, Eurolyo tripled the surface area of the premises from 470 m² to 1,700 m². This is a significant expansion in order to adapt production capacities to its objectives. Volumes processed were limited to 63 tons by the 50 m² of technical shelving which has now been increased to 80 m²; the operating area can handle up to 105 tons per year.

2.1.9.1.3. Adkalis (formulation)

Adkalis designs, develops, produces and markets formulations that increase the durability of materials, and wood in particular, through its treatment and preventive solutions.

Adkalis formulations (including the Group's own ranges and the FORESTER range, the only range of products outside the Group) preserve and protect wood and other construction materials against biological agents (for example, termites or wood-boring insect larvae or fungi) as well as damage caused by fire, humidity and UV radiation. Bringing together a series of long-standing wood protection brands within the same company, Adkalis is positioned as the leader in France and one of the top five European players in the timber and construction industry markets.

Adkalis has more than 750 professional customers in the timber industry (saw-mills, carpenters, joiners, manufacturers of wood panels, pallets, timber-framed houses) and more than 1,000 professional customers in the construction and maintenance-renovation sectors (craftsmen, masons, applicators of preventive and/or curative solutions for the protection of wood and hard materials).

In 2021, Adkalis is launching a fire protection solution for wood, a first ecological alternative to traditional fire-resistant products, consisting of improving the fire performance of wood cladding and interiors.

2.1.9.1.4. Lixol (formulation – resins)

Acquired by Groupe Berkem in 2017, Lixol produces and markets (since 1960) resins for the paint and varnish industries in the construction sector, as well as the wood treatment and ink industries. Lixol specializes in the production of so-called alkyd resins produced from vegetable oils, raw materials from organic chemistry and petroleum solvents. Lixol's production infrastructure allows it to supply more than 70 customers (mainly in France and North Africa) with products in various forms: solvent-free resins (high solids range), resins in solutions using various solvents (white spirit and other petroleum solvents, which Groupe Berkem is gradually replacing with bio-sourced plant-based solvents), resins in emulsions (diluted in water).

Lixol products are marketed on the ground by two employees who try to win business from paint manufacturers and industry professionals.

2.1.9.1.5. Berkem Développement (holding company)

Berkem Développement is the group's leading holding company. It supports central services, such as IT, purchasing, accounting, finance, regulatory matters and certain Management functions. Berkem Développement's revenues are solely intra-group revenues: management fees, chairmanship fees, vehicle leasing (the financing of the entire vehicle fleet being carried by Berkem Développement in the form of finance leases) and re-invoicing of financial expenses (the majority of the Group's financing is carried by Berkem Développement).

2.1.9.2. Equity investments and takeovers

On March 8, 2021, the Company acquired 5,014,938 Berkem Développement ordinary shares from Kenercy (formerly, HOF), a company controlled by Mr. Olivier Fahy, representing approximately 12.20% of the capital and voting rights, paid in particular by offsetting against the Kenercy receivable held by the Company.

On the same day, Kenercy contributed to the Company on a pure and simple basis, 33,485,060 Berkem Développement ordinary shares, representing approximately 81% of the capital and voting rights of the latter, through the issuance by the Company of 12,949,103 new ordinary shares to Kenercy.

2.1.9.3. Disposals of shares and cross-shareholdings

None.

2.2. FINANCIAL INFORMATION

2.2.1. Net income and proposed allocation of net income

It is proposed that the Company's loss for the fiscal year ended December 31, 2021 of €(1,006,543) be entirely allocated to "Issuance, merger and contribution premiums."

2.2.2. Dividends

In accordance with the provisions of Article 243 bis of the French General Tax Code, it is recalled that the dividends distributed over the last three fiscal years were as follows:

Closing date	31/12/2020	31/12/2019	31/12/2018
Dividends	€0	€0	€0
Ineligible for the 40% rebate	€0	€0	€0

2.2.3. Sumptuary expenses and non-tax-deductible charges

In accordance with the provisions of Article 223 quater of the French General Tax Code, we hereby inform you that the financial statements for the fiscal year ended December 31, 2021, show no expenses and charges referred to in Article 39-4 of the French General Tax Code.

2.2.4. Customer and supplier payment terms

	Suppliers						Clients					
	0d	1 to 30d	31 to 60d	61 to 90d	91d and over	Total (1d and over)	0d	1 to 30d	31 to 60d	61 to 90d	91d and over	Total (1d and over)
Number of invoices	3	4	3	0	0	7	0					0
Amount invoiced (incl. VAT)	€53,640	€62,801	€50,170,000	€(2,230)	€0	€110,741	€0	€0	€0	€0	€0	€0
% of the total amount of purchases for the fiscal year (incl. VAT)	1.1%	1.3%	1.0%	0.0%	0.0%	2.3%						
% of revenue for the fiscal year (incl. tax)	4.5%	5.3%	4.2%	0.0%	0.0%	9.3%						

2.2.5. Table of results for the last five fiscal years

In €	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Share capital at year-end					
Share capital	100	100	100	50,100	39,791,306
Number of existing ordinary shares	100	100	100	50,100	17,685,025
Number of existing priority dividend shares	-	-	-	-	-
Maximum number of future shares to be created:					
- by conversion of bonds	-	-	-	-	-
- by exercise of subscription rights	-	-	-	-	-
Operations and results					
Turnover excluding VAT	0	0	0	0	1,191,628
Income before tax, employee profit-sharing, depreciation, amortization and provisions	(2,525)	(930)	(2,688)	(6,374)	(418,543)
Income tax	-	-	-	-	-
Employee profit-sharing for the fiscal year	-	-	-	-	-
Income after tax, employee profit-sharing and depreciation, amortization and provisions	(2,525)	(930)	(2,688)	(6,374)	(1,006,543)
Distributed income	-	-	-	-	-
Earnings per share					
Income after tax and employee profit-sharing but before depreciation, amortization and provisions	-	-	-	-	-
Income after tax, employee profit-sharing and depreciation, amortization and provisions	-	-	-	-	-
Dividend paid per share					0.06
Personnel					

Average headcount during the fiscal year	0	0	0	0	4
Total payroll for the fiscal year	-	-	-	-	-
Amount paid in respect of employee benefits for the fiscal year	-	-	-	-	-

2.2.6. Inter-company loans

On January 1, 2014, Berkem, Adkalis and Berkem Développement signed a cash management agreement, according to which the companies agree to make permanent and systematic use of the option to carry out cash transactions between them. Pursuant to an extension agreement dated December 21, 2021, this agreement was extended to Lixol and Eurolyo.

During the year ended December 31, 2019, the following current account advances were made under this agreement and continued for the fiscal years ended December 31, 2020 and December 31, 2021:

- Eurolyo granted Berkem Développement a financial current account advance during the 2019 fiscal year. This advance has not been repaid.
- Berkem Développement granted Adkalis a financial current account advance during the 2019 fiscal year. This advance has not been repaid.
- Berkem Développement granted Berkem a financial current account advance during the 2019 fiscal year. This advance has not been repaid.
- Berkem Développement granted Lixol a financial current account advance during the 2019 fiscal year. This advance has not been repaid.
- Berkem Développement granted Groupe Berkem a financial current account advance during the 2019 fiscal year. This advance has not been repaid.

During the fiscal year ended December 31, 2020, the following current account advances were made under a tax integration agreement and continued for the fiscal year ended December 31, 2021:

- Lixol granted Berkem Développement a financial current account advance during the 2020 fiscal year. This advance has not been repaid.
- Berkem granted Berkem Développement a financial current account advance during the 2020 fiscal year. This advance has not been repaid.
- Berkem Développement granted Eurolyo a financial current account advance during the 2020 fiscal year. This advance has not been repaid.
- Berkem Développement granted Adkalis a financial current account advance during the 2020 fiscal year. This advance has not been repaid.

The following transactions were also carried out between Group companies and Kenercy (formerly HOF), the Group's parent holding company:

- The Kenercy current account held by Berkem Développement at December 31, 2020 was reclassified as a loan for €3,259,641.23.
- On March 8, 2021, Berkem Développement assigned its Kenercy receivable to Groupe Berkem for its nominal value of €8,779,857, financed by a vendor loan. This receivable has since been settled by offsetting with the contribution transactions described in Section 2.1.9.2 of this document.
- On March 8, 2021, Lixol assigned a Kenercy receivable to Groupe Berkem for €300,000, financed by a vendor loan.

On March 8, 2021, the Company entered into a cash management agreement in force since January 1, 2014, under the terms of which it granted a cash advance of €15 million to Berkem Développement.

2.2.7. Adjustment of securities conversion bases

None.


2.3. INFORMATION ON THE ADMINISTRATIVE BODIES

2.3.1. The Board of Directors

At the date of this report, the composition of the Board of Directors is as follows:


Chairman: Olivier Fahy
Directors: Stanislas Fahy
Thierry Lambert (Independent Director)
Michael Wood (Independent Director)
Alessandro Bascelli (Independent Director)

- **Olivier Fahy: Chairman of the Board of Directors and Chief Executive Officer**


	<p>After studying at the Paris Chamber of Commerce and Industry School of Commerce in 1986, Olivier Fahy began his career in the building paint industry. He created his first wholesale paint company in 1988 in the Paris area, which he later sold. Following a brief spell in export sales for a pharmaceutical laboratory, he joined an industrial consulting firm, Cabinet Roux-Herr, where he carried out assignments for key manufacturing and banking clients as part of the disposal or takeover of tangible assets.</p>
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	<p>Believing that if you can advise others, you can also apply that advice to yourself, in 1993 Olivier Fahy participated in the takeover of SARPAP, which subsequently became Berkem.</p> <p>Starting as an employee at Berkem in 1996, becoming Chief Executive Officer in 2001, followed by Chairman and Chief Executive Officer and main shareholder in 2008, Olivier Fahy has supported the teams through Berkem's growth, and from turnover of less than €1 million excluding taxes in 1993, Berkem has today become a small group of more than 150 people, generating just over €40 million in turnover excluding taxes.</p>
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- **Stanislas Fahy: Director**

	<p>Stanislas Fahy holds a Bachelor's degree in International Business from Neoma Business School and a Master of Science in Sustainability Management from ESCP Europe. He is currently responsible for the development of IT systems in a company specializing in civil engineering waste management.</p> <p>In addition to the development of innovative projects, Stanislas Fahy actively participates in the construction of partnerships with players in the land and building waste recycling market in coordination with many different economic players.</p>
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- **Thierry Lambert: Independent Director**


	<p>After studying banking (ITB and CESB), Thierry Lambert pursued a career as a banking executive at BNP, where he held various head office management responsibilities prior to being appointed Deputy Head of Corporate Marketing within the Central Department of the metropolitan networks.</p> <p>In 1989, he left banking for Pikarome, a condiments company (vinegar, mustard) as Managing Director, and created a subsidiary for the cultivation and packaging of gherkins in Morocco.</p> <p>From 1992, he participated alongside Jacques Dikansky in the creation of Naturex, a company producing (extraction, formulation) natural ingredients mainly intended for the agrifoods, nutraceuticals, cosmetics and pharmaceuticals industries using wild or cultivated plants from all over the world. He was Deputy Chief Executive Officer of the company and then its CEO from 2012 to 2015.</p>
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	<p>He floated the company on the stock market in 1996 and raised funds through various market capital increases. These rounds of fundraising would finance an ambitious acquisition program (around 10 acquisitions between 1997 and 2014), which strengthened the international character of the company, particularly in the USA where he spent most of his time for several years.</p> <p>Present in around 15 countries in the form of industrial or commercial establishments, the company, which had generated several hundred million euros in turnover by the time Thierry Lambert retired, was subsequently sold to Givaudan.</p>
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- **Michael Wood: Independent Director**

	<p>Mike Wood has extensive experience in the food industry, having held senior positions in the food safety field. In addition, he brings with him experience in the development of innovative customer solutions.</p> <p>As Head of Company Standards in a UK national supermarket chain, Mike Wood has led teams that have been involved in improving food, safety and consumer protection standards. He then held several management positions at the international retail giant, Tesco Stores Ltd, before becoming Head of Innovation & Field Support for the global leader in pest control and hygiene services – Rentokil Initial plc. He now heads the Food Health and Safety team of the United Kingdom's largest food wholesaler.</p> <p>Mike Wood holds a BSc (Hons) in Environmental Health and an MSC in Food Safety and Control.</p>
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- **Alessandro Bascelli: Independent Director**

	<p>Alessandro Bascelli has devoted 40 years of his professional life to the development of companies in foreign markets.</p> <p>In 1983, he graduated in Modern Languages and Literature (English – German) and began his career as a production developer at Delta SPA, an industrial company manufacturing polyurethane insoles for shoes. Within this company he acquired expertise in sales to the American and Canadian markets and, at the same time, developed a sales approach based on the quality of the products and related after-sales service. Alessandro Bascelli would go on to perfect and pursue this approach throughout his career.</p>
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	<p>In 1992, he was appointed Export Director at Italtacco SRL, an industrial company also operating in the soles sector, with specific expertise in thermoplastic chemical compounds. Alessandro Bascelli would be involved in developing export markets for this company. His duties led him to travel frequently to many countries to promote the quality of the products and the company. Alessandro Bascelli was also involved in the creation of a production unit in Mexico.</p> <p>In 2003, Alessandro Bascelli joined ICA SPA, a company specializing in wood coatings, as Export Director. Although operating in a different sector, Alessandro Bascelli applied the same approach and expertise acquired, in particular his multicultural approach, in order to develop the export department, which grew from 8 to 30 employees by the end of his career, with a presence in many countries, including Spain, Germany, Poland, the United States and China.</p>
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The minutes of each meeting are prepared under the responsibility of the Chairman and Chief Executive Officer. They are then signed by the Chairman and one member of the Board and copied in the register of minutes.

Between March 8, 2021 and December 31, 2021⁵, the Company’s Board of Directors met seven times on the dates listed below.

Dates of meetings of the Board of Directors	Number of Directors present or represented	Participation rate
March 10, 2021	6	100%
April 8, 2021 ⁶	4	80%
October 8, 2021	5	100%
October 28, 2021	5	100%
November 18, 2021	3	60%
December 3, 2021	5	100%
December 7, 2021	5	100%

2.3.2. Committees

As of the date of this report, via a decision of the Board of Directors dated April 8, 2021, the Company has established an Audit Committee for an unlimited period.

⁵ Prior to March 8, 2021, the Company was incorporated as a French simplified joint-stock company (*société par actions simplifiée*) with a single shareholder.

⁶ At its meeting of April 8, 2021, the Board acknowledged the resignation of Mr. Egbert Schwitters, taking the total number of directors from six to five.

At its meeting of 8 April 2021, the Board of Directors of the Company appointed as the first members of the Audit Committee:

- Mr. Thierry Lambert, independent Director, also Chairman of the Audit Committee;
- and
- Mr. Stanislas Fahy.

The mission of the Audit Committee is, independently from the Company's executives, to assist the Board of Directors in ensuring the accuracy of the financial statements, the quality of internal controls, the quality and relevance of the information provided and also the proper performance by the Statutory Auditors of their duties. In this respect, the Audit Committee issues opinions, proposals and recommendations to the Board of Directors.

2.3.3. Management

The Executive Management of the Company will be ensured by a Chairman and Chief Executive Officer (Mr. Olivier Fahy), the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer not being envisaged as of the date of the annual report.

2.3.4. Term of office of the Statutory Auditors

Statutory Auditors

VS AUDITEX SARL

Represented by Mr. Simon Vezin

81 rue Hoche, 33200 Bordeaux, France

Current term of office: two fiscal years corresponding to the remaining term of the predecessor's term of office.

Expiry of current term: at the close of the Annual Shareholders' Meeting held to approve the financial statements for the fiscal year ended December 31, 2021.

DEIXIS SAS

Represented by Mr. Nicolas de Laage de Meux

4 bis chemin de la Croisière, 33550 Le Tourne, France

Duration of current term: six fiscal years

Expiry of current term: at the close of the Annual Shareholders' Meeting held to approve the financial statements for the fiscal year ended December 31, 2025.

Alternate Auditors

Mr. Jean-Marc Maurette

9 rue Matabiau, 31000 Toulouse, France

Duration of current term: six fiscal years

Expiry of current term: at the close of the Annual Shareholders' Meeting held to approve the financial statements for the fiscal year ended December 31, 2021.

Lempereur & Associés Expertises SARL

225 route d'Angoulême, 24000 Périgueux, France

Duration of current term: six fiscal years

Expiry of current term: at the close of the Annual Shareholders' Meeting held to approve the financial statements for the fiscal year ended December 31, 2025.

2.3.5. Governance of the Company

The Company has designated the Corporate Governance Code for mid- and small-cap companies as published in September 2021 by Middlednext as the reference code to which it intends to refer following the admission of its securities to the trading on the Euronext Growth market in Paris, this code being in particular available from the Middlednext website (<https://www.middlednext.com/>).

The table below shows the Company's position with respect to all the recommendations issued by the Middlednext Code as of the date hereof.

Recommendation of the Middlednext Code	Adopted	Not adopted
"Supervisory" power		
R1: Ethics of Board members	X	
R2: Conflicts of interest	X	
R3: Composition of the Board – Presence of independent members	X	
R4: Information for Board members	X	
R5: Training for Board members		X
R6: Organization of Board and Committee meetings	X	
R7: Establishment of committees	X	
R8: Establishment of a specialized committee on Corporate Social Responsibility (CSR)		X
R9: Implementation of internal rules of procedure for the Board	X	
R10: Choice of each Director	X	
R11: Term of office of Board members		X
R12: Directors' compensation	X	
R13: Implementation of an assessment of the work of the Board		X

R14: Relations with “shareholders”	X	
Executive power		
R15: Diversity and fairness policy within the Company	X	
R16: Definition and transparency of the compensation of executive corporate officers		X
R17: Preparation of the succession of “senior executives”	X	
R18: Combination of employment contract and corporate office	X	
R19: Severance pay		X
R20: Supplementary pension schemes	X	
R21: Stock options and free share awards	X	
R22: Review of points of vigilance	X	

In particular, the Company considers that it is not in compliance with the following recommendations:

- R 5 "*Training for Board Members*": At the date of this report, the Company has not anticipated a three-year training plan. This topic will be reviewed in the next 24 months to provide a training plan adapted to the Company’s specifics;
- R 8 "*Establishment of a specialized CSR committee*": At the date of this report, the Company has not set up a specialized CSR committee. The option of a Board meeting in CSR committee formation is in particular under examination. A study on this subject will be carried out in the next 24 months.
- R9 "*Implementation of internal rules of procedure for the Board*": At the date of this document, the Company has not published the rules of procedure adopted by its Board of Directors on April 8, 2021 deeming it inopportune at this time.
- R11 "*Term of office of Board members*": At the date of this document, the Company does not consider it appropriate to implement a staggered renewal of Directors, given its size and the number of Directors on its Board of Directors. Depending on the changes in the composition of its governance, the Company will assess the opportunity to submit proposals for the staggered renewal of its Directors to its shareholders;
- R13 "*Implementation of an assessment of the work of the Board*": At the date of this document, the Board of Directors has only a limited history of operations insofar as it was created following the conversion of the Company into a public limited company

on March 8, 2021. The Board of Directors will subsequently review the implementation of an assessment of its work once it has sufficient experience to decide on an appropriate procedure. This procedure should be implemented over the next 24 months;

- R16: The Group complies with this recommendation except for the publication of the equity ratio. This publication is not considered timely by the Company.

- R19 “*Severance pay*”: The Board of Directors of the Company has not considered it appropriate, to date, to cap the severance pay potentially paid to Mr. Olivier Fahy at two years of compensation (fixed and variable) in view of the specific terms and conditions of application of this indemnity. The severance pay of Mr. Olivier Fahy takes into account not only the specific methods for setting his annual variable compensation, which is entirely dependent on the Group’s performance (percentage of gross operating profit) implying that the cumulative amount of his fixed and variable compensation used to determine the amount of indemnity amount may be subject to significant variations from one fiscal year to another. The cap on the indemnity amount, as the case may be, at three years of compensation (fixed and variable) is therefore more appropriate. Similarly, this ceiling is also explained by the fact that Mr. Olivier Fahy does not have any contractual indemnity or non-compete clause under his employment contract that could potentially be added to the indemnity set by the Board of Directors.

2.3.6. Prevention of money laundering and terrorist financing

Under the Euronext Growth Rules in force, it is specified that the Company, its executives and corporate officers comply with Directive (EU) 2015/849 of the European Parliament and of the Council of May 20, 2015 on the prevention of the use of financial system for money laundering and terrorist financing purposes. In addition, the Company, its executives and corporate officers are not on the European Union sanctions list or the list established by the OFAC.

2.3.7. Internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The Group has the following internal control and risk management procedures relating to the preparation and processing of accounting and financial information:

2.3.7.1. Organization of the Accounts and Finance Department

The finance division is managed internally by the Chief Financial Officer. The accounting division is carried out with the assistance of a chartered accountant. The Group is keen to

maintain a separation between its financial statement production and supervision activities and uses independent experts to value complex accounting items (pension commitments).

Payroll is performed in-house and the tax review is entrusted to a chartered accountant.

The accounts prepared in accordance with French standards, produced with the assistance of an independent accounting firm, are submitted for audit to the Statutory Auditors.

The Finance Department reports directly to the Chairman and Chief Executive Officer.

2.3.7.2. Budget process and “monthly reporting”

The accounting system implemented by the Group is based on French accounting standards. The Group draws up an annual budget and a “monthly report”. These items are presented to the Chairman and Chief Executive Officer and to the Board of Directors, depending on the frequency of its meetings. The Group monitors its budget closely.

2.4. INFORMATION RELATING TO THE COMPANY’S SHARES

2.4.1. Shareholding structure at December 31, 2021

In accordance with the provisions of Article L. 233-13 of the French Commercial Code and, in view of the information received pursuant to the provisions of Articles L.233-7 and L.233-12 of said Code, we hereby provide you with the identity, to the best of our knowledge, of those shareholders holding more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights as of December 31, 2021:

Shareholders	Number of shares	%	Number of voting rights	%
Kenercy	12,069,833	68.25%	12,069,833	68.25%
Mr. Stanislas Fahy	1	0.00%	1	0.00%
Public	5,615,191	31.75%	5,615,191	31.75%
TOTAL	17,685,025	100.00%	17,685,025	100.00%

2.4.2. Changes in the holdings of significant shareholders during the fiscal year

On December 7, 2021, in the context of the admission of the Company's shares to trading on the Euronext Growth market in Paris, Kenercy sold 215,983 existing Company shares.

In the context of the Company's IPO, Kenercy granted Joh. Berenberg, Gossler & Co. KG, acting as stabilizing manager, an over-allotment option allowing the sale of a maximum of 740,281 existing Company shares. On January 7, 2022, at the end of the stabilization period, the Company announced the partial implementation of the over-allotment option for a total of 679,986 existing Company shares.

2.4.3. Employee shareholding

As of the date of this report, no Group employee holds an equity interest in the Company.

2.4.4. Transactions carried out by the Company on its own shares

The Company has entrusted TP ICAP (Europe) SA with the implementation of a liquidity contract for its ordinary shares as of January 10, 2022.

The liquidity contract was drawn up in accordance with the provisions of the legal framework in force. It has been signed for a period of one year, renewable automatically, and its purpose is to guarantee the liquidity of the Groupe Berkem shares listed on Euronext Growth Paris (ISIN: FR00140069V2 - ticker symbol: ALKEM).

For the implementation of this contract, the following resources have been allocated to the liquidity account:

- €300,000
- 0 shares

The performance of the liquidity contract shall be suspended under the conditions provided for in Article 5 of AMF decision no. 2021-01 of June 22, 2021.

2.4.5. Transactions in Company shares carried out by executives

None.

2.4.6. Treasury shares

None.

3. REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

3.1. LIST OF OFFICES AND POSITIONS HELD IN ANY COMPANY BY EACH CORPORATE OFFICER DURING THE FISCAL YEAR

First and last name or company name of the member	Term of office	Positions held within the Company	Other positions currently held at other companies
Mr. Olivier Fahy	Date of appointment: 8 March 2021 Term of office expires: 2025 GM on the 2024 financial statements	Chairman and Chief Executive Officer Director	<ul style="list-style-type: none"> • Kenercy SARL: Partner • IEIC Vaulx En Velin (SARL): Partner • IEIC Saint Hilaire De Loulay (SARL): Partner • Alma (SCI): Partner
Mr. Stanislas Fahy	Date of appointment: 8 March 2021 Term of office expires: 2025 GM on the 2024 financial statements	Director	None
Mr. Thierry Lambert	Date of appointment: 8 March 2021 Term of office expires: 2025 GM on the 2024 financial statements	Independent Director	Fytexia: Member of the Strategy Committee
Mr. Michael Wood	Date of appointment: 8 March 2021 Term of office expires: 2025 GM on the 2024 financial statements	Independent Director	None
Mr. Alessandro Bascelli	Date of appointment: 8 March 2021 Term of office expires: 2025 GM on the 2024 financial statements	Independent Director	None

Mr. Egbert Schwitters	Date of appointment: 8 March 2021 Term of office expires: 2025 GM on the 2024 financial statements Date of resignation: April 2, 2021	Independent Director	<ul style="list-style-type: none"> • L'Elan d'azur: Partner • Center d'Exploitation des Procyanidines - CEP: Liquidator
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3.2. RELATED-PARTY TRANSACTIONS

- Employment contract of Mr. Olivier Fahy

Mr. Olivier Fahy holds a permanent employment contract with the Company as Deputy General Manager, which took effect on September 1, 1996 (initially with Berkem, following the takeover of SARPAP), then with Berkem Développement). On account of the roles of Executive Corporate Officer which Olivier Fahy holds and may have held within these various entities, this employment contract has been suspended since November 30, 2001.

As part of the reorganization of the Group, and insofar as the Company now has a role in managing the Group's companies, the team of salaried executive managers employed by Berkem Développement (including Mr. Olivier Fahy exclusively under his suspended employment contract as Deputy General Manager) was transferred to the Company on March 5, 2021 under the terms of voluntary tripartite transfer agreements entered into by the Company, Berkem Développement, and each employee concerned.

For all intents and purposes, it is specified that the contractual transfer of Mr. Olivier Fahy's employment contract had no impact on its suspension.

3.3. ANNUAL REVIEW BY THE BOARD OF DIRECTORS OF RELATED-PARTY AGREEMENTS EXECUTED AND AUTHORIZED IN PREVIOUS FISCAL YEARS

Not applicable.

Until March 8, 2021, the Company was a French simplified joint stock company (*société par actions simplifiée*) with a single shareholder not required to produce a special report by the Statutory Auditors pursuant to the final paragraph of Article L. 227-10 of the French Commercial Code.

No related-party agreement has been entered into by the Company since that date.

3.4. SUMMARY TABLE OF CURRENT DELEGATIONS GRANTED BY THE SHAREHOLDERS' MEETING

The table below shows the various financial delegations granted to the Board by the Company's Combined General Meeting of April 26, 2021:

Purpose of the resolution	Duration of authorization	Authorized cap (nominal value in euros ⁽¹⁾)	Implementation of delegations of authority/powers during the 2021 fiscal year
<p>Authorization to be granted to the Board of Directors to trade in the Company's shares, subject to the condition precedent of the settlement-delivery of the Company's shares as part of their admission to trading on the Euronext Growth Paris organized multilateral trading facility</p>	<p>18 months</p>		<p><i>Board of Directors meeting of December 7, 2021: Implementation of a share buyback program.</i></p>
<p>Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing ordinary shares of the Company with preferential subscription rights for shareholders, subject to the condition precedent of the settlement-delivery of the Company's shares in the event of their admission to trading on the Euronext Growth Paris organized multilateral trading facility <i>(Fourth resolution)</i></p>	<p>26 months</p>	<p>€29,173,056</p>	
<p>Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing ordinary shares with cancellation of preferential subscription rights for shareholders by way of a public offering within the meaning of Article 2 of Regulation (EU) No. 2017/1129 of June 14, 2017 on the occasion of the first admission of the Company's shares to trading on the Euronext Growth organized multilateral trading platform in Paris <i>(Fifth resolution)</i></p>	<p>26 months</p>	<p>€29,173,056</p>	<p><i>Board of Directors meeting of December 3, 2021 and decisions of the Chairman and Chief Executive Officer of December 7, 2021: Issue of 4,719,222 shares as part of the Company's initial public offering</i></p>

<p>Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing ordinary shares or any securities giving access to the share capital with cancellation of shareholders' preferential subscription rights by a public offering within the meaning of Article 2 (d) of regulation (EU) no. 2017/1129 of June 14, 2017, subject to the condition precedent of the settlement-delivery of the Company's shares in the context of their admission to trading on the Euronext Growth Paris organized multilateral trading facility (<i>Sixth Resolution</i>)</p>	<p>26 months</p>	<p>€29,173,056</p>	
<p>Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing ordinary shares or any securities giving access to the share capital with cancellation of shareholders' preferential subscription rights as part of an offer for the benefit of the public referred to in I of Article L. 411-2 of the French Monetary and Financial Code for the benefit of qualified investors or a restricted circle of investors, subject to the condition precedent of the settlement-delivery of the Company's shares in the context of their admission to trading on the Euronext Growth organized multilateral trading platform in Paris (<i>Seventh Resolution</i>)</p>	<p>26 months</p>	<p>€29,173,056 capped at 20% of the Company's share capital per period of 12 months; said capital being assessed on the day of the Board of Directors' decision to make use of this delegation)</p>	
<p>Authorization given to the Board of Directors to increase the amount of issues with or without preferential subscription rights (<i>Eighth Resolution</i>)</p>	<p>26 months</p>	<p>15% of the initial issue</p>	

<p>Authorization to be granted to the Board of Directors pursuant to Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code to allocate existing or future shares free of charge for the benefit of all or some of the employees and/or corporate officers referred to in Article L. 225-197-1, II of the French Commercial Code, subject to the condition precedent of the settlement-delivery of the Company's shares in the context of their admission to trading on the Euronext Growth Paris multilateral trading facility <i>(Tenth resolution)</i></p>	<p>38 months</p>	<p>10% of the Company's share capital</p>	<p><i>Board of Directors meeting of March 3, 2022: allocation of 111,250 free shares.</i></p>
<p>Delegation of authority to be granted to the Board of Directors to increase the share capital through the incorporation of premiums, reserves, profits or other items, subject to the condition precedent of the settlement-delivery of the Company's shares in the context of their admission to trading on the Euronext Growth Paris multilateral trading facility <i>(Twelfth resolution)</i></p>	<p>26 months</p>	<p>€1,000,000</p>	

(1) Under the 11th resolution of the Combined Shareholders' Meeting of April 26, 2021:
- the overall maximum nominal amount of capital increases that may be carried out pursuant to the delegations granted under the terms of the Fourth to Tenth Resolutions is set at twenty-nine million one hundred and seventy-three thousand and fifty-six euros (€29,173,056) (or the equivalent value on the date of issue of this amount in foreign currency or in units of account established by reference to several currencies), it being specified that the additional amount of shares to be issued will be added to this ceiling in order to preserve, in accordance with the law and, where appropriate, applicable contractual provisions, the rights of holders of securities and other rights giving access to shares;

the overall maximum nominal amount of debt securities that may be issued under the delegations granted under the terms of the Sixth to Eighth Resolutions above is set at twenty-nine million one hundred and seventy-three thousand and fifty-six euros (€29,173,056) (or the equivalent value on the date of issue of this amount in foreign currency or in units of account established by reference to several currencies), it being specified that this ceiling does not apply to debt securities whose issue may be decided or

authorized by the Board of Directors in accordance with Article L. 228-40 of the French Commercial Code.

3.7. GENERAL MANAGEMENT PROCEDURES

Among the methods for exercising general management referred to in Article L. 225-51-1 of the French Commercial Code, the Board of Directors decided, at its meeting of March 10, 2021, to opt for the combination the duties of Chairman of the Board of Directors and Chief Executive Officer in the hands of Mr. Olivier Fahy.

3.8. STOCK SUBSCRIPTION OR PURCHASE OPTIONS AND FREE SHARE ALLOCATION

No share subscription and/or purchase options were granted during the past fiscal year.

At its meeting of March 3, 2022, the Company's Board of Directors authorized the free allocation of 111,250 shares in favor of eight employees of the Group. The final allocation of these shares is subject to a presence condition. A retention period will then be applicable to these shares.

4. COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2021

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GROUPE BERKEM

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REPORT ON THE WORK OF THE CHARTERED ACCOUNTANT

In our capacity as a chartered accountant and in accordance with the terms of our engagement letter, we have proceeded with the presentation of the GROUPE BERKEM financial statements for the fiscal year ended December 31, 2021, which are characterized by the following data:

Balance sheet total:	€74,962,203
Turnover:	€1,191,628
Net book income:	(€1,006,543)

We performed the procedures required by the professional standards of the French Association of Chartered Accountants applicable to the task of presenting the financial statements.

**BALANCE SHEET -
ASSETS**

Period from 01/01/2021 to 12/31/2021

Presented in euros

Balance sheet and income statement

ASSETS	Year ended 12/31/2021 (12 months)				Previous year 12/31/2020 (12 months)	
	Gross	Depreciation, amortization and provisions	Net	%	Net	%
Uncalled subscribed capital (0)						
Fixed assets						
Establishment costs Research and development	4,573,630	156,307	4,417,323	5.89		
Concessions, patents, trademarks, software and similar rights						
Business assets						
Other intangible assets						
Advances and deposits on intangible assets						
Land						
Buildings						
Technical facilities, industrial machinery and equipment						
Other property, plant and equipment						
Assets in progress						
Advances and deposits						
Investments accounted for using the equity method						
Other investments	41,689,612		41,689,612	55.61		
Receivables related to investments	15,895,382		15,895,382	21.20		
Other long-term investments						
Loans						
Other financial assets						
TOTAL (I)	62,158,624	156,307	62,002,317	82.71		
Current assets						
Raw materials, supplies						
Goods in production						
Services in development						
Intermediate and finished goods						
Goods						
Advances and deposits paid on orders						
Trade receivables	220,739		220,739	0.29		
Other receivables						
. Supplier receivables						
. Payroll	1,500		1,500	0.00		
. Social organizations						
. State – Income tax						
. State – Turnover tax	350,538		350,538	0.47		
. Other						
Subscribed capital called but unpaid						
Marketable securities						
Forward financial instruments and tokens held						
Cash and cash equivalents	12,387,109		12,387,109	16.52	50,067	100.00
Prepaid expenses						
TOTAL (II)	12,959,886		12,959,886	17.29	50,067	100.00
Deferred charges over several years (III)						
Bond redemption premiums (IV)						
Translation and asset valuation differences (V)						
TOTAL ASSETS (0 to V)	75,118,510	156,307	74,962,203		50,067	100.00
	SONAUCA				3	

Period from 01/01/2021 to 12/31/2021

Presented in euros

LIABILITIES	Year ended 12/31/2021 (12 months)	Previous year 12/31/2020 (12 months)
Equity		
Share or individual capital (of which paid up: 39,791,306)	39,791,306	50,100
Share premium, merger premium, contribution premium, etc.	33,270,515	100.07
Revaluation differences		
Legal reserve		
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Retained earnings		-6,151
		-12.28
Net income for the financial year	-1,006,543	-6,374
	-1.33	-12.72
Investment grants		
Regulated provisions		
TOTAL (I)	72,055,278	37,575
	96.12	75.05
Proceeds from issues of equity securities		
Conditional advances		
TOTAL (II)		
Provisions for liabilities and charges		
Provisions for liabilities		
Provisions for charges		
TOTAL (III)		
Borrowings and debts		
Convertible bonds		
Other bonds		
Borrowings and debt from banks		
. Borrowings		
. Overdrafts, bank overdrafts Borrowings		
and other financial debt		
. Misc.	50,000	0.07
. Partners		3,917
		7.82
Advances and deposits received on orders in progress		
Trade payables and related accounts	1,982,640	2.64
Tax and social security liabilities		4,915
. Payroll	449,673	0.60
. Social organizations	288,519	0.38
. State – Income tax		
. State – Turnover tax	38,795	0.05
. State – Guaranteed bonds		
. Other taxes and similar payments	97,298	0.13
Debts on fixed assets and related accounts		
Other debts		3,660
Forward financial instruments		7.31
Deferred income		
TOTAL (IV)	2,906,925	12,492
	3.88	24.95
Translation and liabilities valuation differences (V)		
TOTAL LIABILITIES (I to V)	74,962,203	50,067
	100.00	100.00

SONAUCAC

Period from 01/01/2021 to 12/31/2021

Presented in euros

INCOME STATEMENT	Year ended 12/31/2021 (12 months)		Previous year 12/31/2020 (12 months)		Absolute change (12/12)	%		
	France	Export	Total	%	Total	%	Change	%
Sale of goods								
Production sold (goods)								
Production sold (services)	1,191,628		1,191,628	100.00			1,191,628	
Net revenue	1,191,628		1,191,628	100.00			1,191,628	NS

Production in inventory								
Capitalized production	4,573,630	383.81			4,573,630		NS	
Operating subsidies								
Reversals of depreciation and provisions, expense transfers	17,268	1.45			17,268		NS	
Other income	1	0.00			1		NS	
Total operating income (I)	5,782,527	485.26			5,782,527		NS	
Purchase of goods (including customs duties)								
Change in inventory (goods)								
Purchase of raw materials and other supplies								
Change in inventory (raw materials and other supplies)								
Other purchases and external expenses	4,787,600	401.77	6,374		4,781,226		NS	
Taxes and similar payments	94,634	7.94			94,634		NS	
Wages and salaries	695,002	58.32			695,002		NS	
Social security expenses	307,807	25.83			307,807		NS	
Depreciation of fixed assets	156,307	13.12			156,307		NS	
Provisions for fixed assets								
Provisions for current assets								
Other expenses	47,702	4.00			47,702		NS	
Total operating costs (II)	6,089,050	510.99	6,374		6,082,676		NS	
OPERATING PROFIT (LOSS) (I-II)	-306,523	-25.71	-6,374		-300,149		NS	
Share of profit (loss) from joint operations								
Profit allocated or loss transferred (III)								
Losses incurred or profits transferred (IV)								
Financial income from investments								
Income from other securities and receivables								
Other interest and similar income								
Reversals of provisions and expense transfers								
Positive exchange rate differences								
Net income from sales of marketable securities								
Total financial income (V)								
Financial amortization, depreciation and provisions								
Interest and similar expenses	112,020	9.40			112,020		NS	
Negative exchange rate differences								
Net expenses on sales of securities and investments								
Total financial expenses (VI)	112,020	9.40			112,020		NS	
NET FINANCIAL INCOME (EXPENSE) (V-VI)	-112,020	-9.39			-112,020		NS	
CURRENT INCOME BEFORE TAXES (I-II+III-IV+V-VI)	-418,543	-35.11	-6,374		-412,169		NS	

Period from 01/01/2021 to 12/31/2021

Presented in euros

INCOME STATEMENT (Cont.)	Year ended 12/31/2021 (12 months)	Previous year 12/31/2020 (12 months)	Absolute change (12/12)	%
Extraordinary income from management operations				
Extraordinary income from capital operations				
Reversals of provisions and expense transfers				
Total extraordinary income (VII)				
Extraordinary expenses on management operations				
Extraordinary expenses on capital operations	588,000	49.34	588,000	NS
Extraordinary amortization, depreciation and provisions				
Total extraordinary expenses (VIII)	588,000	49.34	588,000	NS
EXTRAORDINARY PROFIT (LOSS) (VII-VIII)	-588,000	-49.33	-588,000	NS
Employee profit sharing (IX)				
Income taxes (X)				
Total Income (I+III+V+VII)	5,782,527	485.26	5,782,527	NS
Total expenses (II+IV+VI+VIII+IX+X)	6,789,070	569.73	6,782,696	NS
NET PROFIT (LOSS)	-1,006,543	-84.46	-6,374	NS
	<i>Loss</i>		<i>Loss</i>	
Of which equipment leasing				
Of which real estate leasing				

APPENDIX

PREAMBLE

The fiscal year ended December 31, 2021 has a duration of 12 months. The previous fiscal year had a duration of 12 months covering the period 01/01/2020 to 12/31/2020.

The notes and tables below form an integral part of the financial statements which were approved by the Board of Directors on April 15, 2022.

ACCOUNTING RULES AND POLICIES

The general accounting conventions have been applied in compliance with the principle of prudence, in accordance with the basic assumptions and in accordance with the general rules for the preparation and presentation of the financial statements:

- consistency of accounting policies from one fiscal year to another;
- independence of fiscal years;
- business continuity.

The valuation and presentation methods used for the financial statements for this fiscal year have not changed compared to the previous fiscal year.

The financial statements have been prepared in accordance with:

- Regulation of the French Accounting Standards Authority No. 2014-03 of June 5, 2014, amended by ANC Regulations No. 2016-07 of November 4, 2016 and ANC No. 2018-07;
- Articles L123-12 to L123-28 of the French Commercial Code.

The basic method used to value the items recorded in the accounts is the historical cost method.

COVID-19 HEALTH CRISIS

The Covid-19 health crisis and the enactment of the public health-related state of emergency by law no. 2020-29 of March 23, 2020 form an event having had no impact on the assessment of assets and liabilities, expenses and income recorded respectively in the balance sheet and income statement at December 31, 2021.

In accordance with the provisions of the PCG on the information to be mentioned in the notes, the Company notes that this health crisis has not had a significant impact on its activity since March 16, 2020, as business continuity has been ensured. In this unprecedented context, no action is necessary.

The main methods used are as follows:

INTANGIBLE ASSETS

Intangible assets are valued at their acquisition cost for assets acquired against payment, at their production cost for assets produced by the company, taking into account the costs necessary to make these assets ready for use, and after deduction of commercial discounts, rebates, and payment discounts obtained.

At the reporting date, the company assessed, based on the internal and external information at its disposal, the existence of indications showing that the assets may have significantly lost value. At the end of the fiscal year, there was no indication of impairment. Interest on loans specific to the production of fixed assets is not included in the production cost of these fixed assets.

The capital increase costs inherent to the IPO were recognized as start-up costs and are amortized pro rata temporis over a straight-line period of 5 years.

INVESTMENT SECURITIES AND OTHER FINANCIAL ASSETS

On the inventory date, the investment securities are valued at their value in use, which represents what the company would be willing to pay to obtain this investment if its acquisition were necessary. The comparison between the historical cost and the inventory value may reveal unrealized gains or losses. In the event of a loss, a provision for impairment of the securities is recognized.

At December 31, 2021, the assessed value in use of the securities held in the BERKEM DÉVELOPPEMENT subsidiary did not lead to the recognition of any impairment. Receivables related to equity investments do not present a risk of loss of value.

RECEIVABLES AND LIABILITIES

Receivables and liabilities are recognized at their nominal value. Impairment is recorded when the inventory value is lower than the book value.

SIGNIFICANT ELEMENTS OF THE FISCAL YEAR

CHANGES IN THE COMPANY IDENTIFICATION

By decision dated March 8, 2021, the shareholders resolved to:

- Change the company name from "IMMOBILIÈRE ET FONCIÈRE" to "GROUPE BERKEM";
- Convert the simplified joint-stock company into a public limited company;
- Amend the corporate purpose to include "The acquisition of equity interests in any form whatsoever [...] in any existing business, company or group [...]. The holding and management, in particular in the form of franchises, concessions or any other means, of intellectual and industrial property rights as well as the approval, certification and obtaining of marketing authorizations related to the activities of the company and its subsidiaries and associates".

ACQUISITION OF INVESTMENT SECURITIES

Several transactions were completed in 2021 in order to acquire the share capital of BERKEM DÉVELOPPEMENT:

- On March 8, 2021, 33,485,060 ordinary shares were contributed by HOF, now KENERCY, for a net book value of €29,135,481.75;
- On March 8, 2021, 5,014,938 ordinary shares were sold by HOF, now KENERCY, on the basis of a market value of €9,118,069.56;
- On December 15, 2021, the remaining 2,603,076 shares were acquired from M CAPITAL for a value of €3,436,060.32.

At December 31, 2021, the company held 41,103,074 shares in BERKEM DÉVELOPPEMENT out of the total of 41,103,076 shares comprising the share capital of the latter.

IPO

GROUPE BERKEM completed an IPO on the Euronext Growth market on December 7, 2021. Post-transaction capitalization is approximately €165 million.

As part of the IPO, the company issued 4,719,222 new shares with a nominal value of €10,618,249.50 and an issue premium of €33,270,515.10.

The over-allotment option was partially exercised. The stabilization period, which began on December 8, 2021, ended on January 7, 2022. Stabilization measures concerned a total of 60,295 shares and were carried out during the fiscal year 2021. After the exercise of the over-allotment option, Groupe Berkem's free float amounts to 31.75% of its total share capital.

EVENTS AFTER THE CLOSING DATE

TAX CONSOLIDATION

A new tax consolidation group was created on January 1, 2022. The parent company of the group is GROUPE BERKEM. The companies included in the scope of the tax consolidation are ADKALIS, BERKEM, BERKEM DÉVELOPPEMENT, EUROLYO and LIXOL.

INTERNATIONAL CONTEXT

On February 24, 2022, Russia declared war on Ukraine, triggering a major crisis. On an international level, the economic and financial impacts are expected to be significant. The war in Ukraine has no immediate impact on the activity of the Group's companies as there is no relationship with Ukraine and Russia. In the long term, some raw material supplies could be impacted.

NOTES TO THE BALANCE SHEET ITEMS

STATEMENT OF FIXED ASSETS

	Gross value of fixed assets at the start of the fiscal year	Increases	
		Revaluation during the fiscal year	Acquisitions, creations, item-to-item transfers
Research and development establishment costs			4,573,630
Other intangible assets			
Total intangible assets			4,573,630
Land			
Buildings on land owned			
Buildings on land not owned			
General facilities, improvements, constructions			
Technical facilities, industrial equipment and tools			
Other facilities, improvements, developments			
Transport equipment			
Office equipment, IT equipment, furniture			
Property, plant and equipment in progress			
Advances and deposits			
Total property, plant and equipment			
Investments accounted for using the equity method			
Investment securities			41,689,612
Receivables related to investments			15,895,382
Other long-term investments			
Loans and other financial assets			
Total financial assets			57,584,994
Total gross fixed assets			62,158,624

	Decreases		Gross value of fixed assets at period end
	By transfer from one item to another	By disposal or scrapping	
Research and development establishment costs			4,573,630
Other intangible assets			
Total intangible assets			4,573,630
Land			
Buildings on land owned			
Buildings on land not owned			
General facilities, improvements, constructions			
Technical facilities, industrial equipment and tools			
Other facilities, improvements, developments			
Transport equipment			
Office equipment, IT equipment, furniture			
Property, plant and equipment in progress			
Advances and deposits			
Total property, plant and equipment			
Investments accounted for using the equity method			
Investment securities			41,689,612
Receivables related to investments			15,895,382
Other long-term investments			
Loans and other financial assets			
Total financial assets			57,584,994
Total gross fixed assets			62,158,624

DEPRECIATION STATEMENT

	Fiscal year start	Fiscal year allocations	Reversals	Fiscal year end
Establishment, research costs		156,307		156,307
Other intangible assets				
Total depreciation and amortization of intangible assets		156,307		156,307
Land				
Buildings on land owned				
Buildings on land not owned				
General facilities, improvements, constructions				
Technical facilities, industrial equipment and tools				
General facilities, miscellaneous improvements				
Transport equipment				
Office equipment, IT equipment, furniture				
Total depreciation and amortization of property, plant and equipment				
Total depreciation charges		156,307		156,307

	Breakdown of depreciation and amortization for the fiscal year		
	Linear	Declining balance	Exceptional
Establishment, research costs	156,307		
Other intangible assets			
Total depreciation charges for property, plant and equipment	156,307		
Land			
Buildings on land owned			
Buildings on land not owned			
General facilities, improvements, constructions			
Technical facilities, industrial equipment and tools			
General facilities, miscellaneous improvements			
Transport equipment			
Office equipment, IT equipment, furniture			
Total depreciation charges for property, plant and equipment			
Total depreciation charges	156,307		

CAPITAL INCREASE COSTS

Designation	Amount	Amortization	Amortization period
Capital increase costs	4,573,630	156,307	5 years

The capital increase costs recognized in the Company's assets in 2021 are inherent to the IPO. They correspond to the following items:

- Commissions and brokerage fees on sales	€1,484,567
- Fees	€2,674,685
- PR & advertising costs	€414,379

These capital increase costs are amortized on a straight-line basis over 5 years.

STATEMENT OF MATURITIES OF RECEIVABLES AND DEBTS

STATEMENT OF RECEIVABLES	Amount (gross)	Max. of one year	Over one year
Receivables related to investments	15,895,382		15,895,382
Loans			
Other financial assets			
Uncertain or disputed trade receivables			
Other receivables	220,739	220,739	
Receivables representing loaned securities			
Personnel and related accounts	1,500	1,500	
Social security, other employment organizations			
State and other public authorities:			
- Income tax			
- VAT	350,538	350,538	
- Other taxes, payments and similar			
- Miscellaneous			
Group and shareholders			
Miscellaneous debtors			
Prepaid expenses			
GENERAL TOTAL	16,468,159	572,777	15,895,382
Amount of loans granted during the fiscal year			
Repayments of loans during the fiscal year			
Loans and advances granted to shareholders			

STATEMENT OF LIABILITIES	Amount (gross)	Max. of one year	More than one year Max. of 5 years	More than five years
Convertible bonds				
Other bonds				
Borrowings and debt from banks				
- to one year maximum				
- more than one year			50,000	
Borrowings and other financial debt	50,000			
Trade and related payables	1,982,640	1,982,640		
Personnel and related accounts	449,673	449,673		
Social security, other employment organizations	288,519	288,519		
State and other public authorities:				
- Income tax				
- VAT	38,795	38,795		
- Guaranteed bonds				
- Other taxes and duties	97,298	97,298		
Debts on fixed assets and related accounts				
Group and shareholders				
Other debts				
Deferred income				
GENERAL TOTAL	2,906,925	2,856,925	50,000	
Loans subscribed during the fiscal year				
Loans repaid during the fiscal year				
Loans and debts agreed with shareholders				

COMPOSITION OF THE SHARE CAPITAL

	Number	Nominal value	Total
Shares forming the share capital at the beginning of the fiscal year	50,100	€1	€50,100
Shares issued during the fiscal year	17,668,325	€2.25	€39,753,731.75
<i>Remuneration for the contribution of BERKEM DÉVELOPPEMENT shares - 03/08/2021</i>	12,949,103	€2.25	€29,135,481.75
<i>Capital increase in the context of the IPO - 12/08/2021</i>	4,719,222	€2.25	€10,618,249.50
Shares redeemed during the fiscal year	16,700	€2.25	€37,575
<i>Capital reduction due to losses - 02/19/2021</i>	50,100	(€0.25)	(€12,525)
<i>Consolidation of shares and change in their unit value - 03/08/2021</i>	(50,100)	(€0.75)	(€37,575)
	16,700	€2.25	€37,575
Shares comprising the share capital at the end of the fiscal year	17,685,025	€2.25	€39,791,306.25

Several transactions were completed in 2021 concerning the share capital of GROUPE BERKEM:

- February 19, 2021: capital reduction due to losses of €12,525, taking the share capital from €50,100 to €37,535, by reducing the par value of the 50,100 shares from €1 to €0.75;
- March 8, 2021:
 - o Consolidation of the Company's shares by one new ordinary share of €2.25 for three shares with a par value of €0.75;
 - o As consideration for the contribution of 33,485,060 ordinary shares of BERKEM DÉVELOPPEMENT by HOF, now KENERCY, to GROUPE BERKEM on February 12, 2021, issue of 12,949,103 new shares to HOF, now KENERCY, i.e. a capital increase in kind of €29,135,481.75;
- December 7, 2021: capital increase in the amount of €10,618,249.50 through the creation of 4,719,222 new shares as part of the listing on the Euronext Growth market.

ISSUE PREMIUM

An issue premium of €33,270,515.10 was recognized on December 7, 2021, as part of the IPO transaction.

STATEMENT OF PROVISIONS

	Fiscal year start	Increases	Decreases	Fiscal year end
For deposit reconstruction				
For investment				
For price increase				
Accelerated depreciation				
For installation loans				
Other regulated provisions				
TOTAL Regulated provisions				
For disputes				
For guarantees given to customers				
For losses on futures markets				
For fines and penalties				
For foreign exchange losses				
For pensions and obligations				
For taxes				
For fixed asset renewal				
For major repairs				
For expenses on paid leave				
Other provisions				
TOTAL provisions				
On intangible assets				
On property, plant and equipment				
On equity-accounted investments				
On investment securities				
On other financial assets				
On inventories and work in progress				
On client accounts				
Other impairment				
TOTAL Impairment				
GENERAL TOTAL				
Including allocations and reversals:				
- operations				
- financial				
- exceptional				

INCOME AND ASSETS TO BE RECEIVED

Amount of income and credit notes to be received included in the following balance sheet items	Amount inc. VAT
FINANCIAL ASSETS	
Receivables related to investments	
Other financial assets	
RECEIVABLES	
Trade receivables and related accounts	220,739
Other receivables	
MARKETABLE SECURITIES	
CASH AND CASH EQUIVALENTS	
TOTAL	220,739

ACCRUED EXPENSES AND ASSETS TO BE ESTABLISHED

Amount of accrued expenses and credit notes to be established included in the following balance sheet items	Amount inc. VAT
Convertible bonds	
Other bonds	
Borrowings and debt from banks	
Borrowings and other financial debt	
Trade payables and related accounts	591,096
Tax and social security liabilities	729,083
Debts on fixed assets and related accounts	
Other debts	
TOTAL	1,320,179

PREPAID EXPENSES AND INCOME

	Expenses	Products
Operating expenses / income		
Financial expenses / income		
Exceptional expenses / income		
TOTAL		

NOTES TO THE INCOME STATEMENT ITEMS

NET REVENUE BREAKDOWN

Breakdown by business sector	Amount
Sales of goods	
Sales of finished products	
Services	1,191,628
TOTAL	1,191,628

Breakdown by geographic market	Amount
France	1,191,628
Abroad	
TOTAL	1,191,628

EXPENSE TRANSFERS

Type	Amount
Re-invoicing of expenses	
Benefits in kind	17,268
Insurance reimbursements	
TOTAL	17,268

NON-RECURRING INCOME

Non-recurring income and expenses include exceptional compensation granted as part of the success of the IPO, as well as social security charges based on this compensation.

INCOME TAX BREAKDOWN

	Income before tax	Tax
Current result	(418,543)	
Non-recurring income (and profit-sharing)	(588,000)	
Accounting profit (loss)	(1,006,543)	

The company has not recognized any tax expense in respect of its individual taxable income.

OTHER INFORMATION

OVERALL AMOUNT OF THE COMPENSATION ALLOCATED TO MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SURVEILLANCE BODIES

	Amount
Total amount of compensation allocated to members of the administrative bodies	47,700
Total amount of compensation allocated to members of the management bodies	①
Total amount of compensation allocated to members of the supervisory bodies	-
TOTAL	47,700

① - The compensation of the members of the management bodies is not disclosed as this would indirectly lead to the disclosure of individual compensation.

STATUTORY AUDITORS' FEES

	Amount
Fees paid to the statutory auditors for the statutory audit of the parent company financial statements	11,641
Fees paid to the statutory auditors for the statutory audit of the consolidated financial statements	18,000
Fees paid to the statutory auditors for the provision of services and advice	-
TOTAL	29,641

AVERAGE HEADCOUNT

	Salaried personnel	Personnel seconded to the company
Managers	4	
Supervisors and technicians		
Employees		
Workers		
TOTAL	4	-

It should be noted that three of the senior executives were transferred from the subsidiary BERKEM DÉVELOPPEMENT on March 31, 2021.

SCOPE OF CONSOLIDATION

From fiscal 2021, the parent company consolidating the financial statements of the companies included in the scope of consolidation is GROUPE BERKEM, domiciled at 20 Rue Jean Duvert in Blanquefort, France. The scope of consolidation includes BERKEM DÉVELOPPEMENT, ADKALIS, BERKEM, EUROLYO and LIXOL. The first consolidation period runs from March 8 to December 31, 2021.

OFF-BALANCE SHEET COMMITMENTS

COMMITMENTS GIVEN AND COMMITMENTS RECEIVED

Commitments given	Amount
Unmatured discounted notes	
Sureties and endorsements	
Pension and other post-employment benefit commitments	102,226
Other commitments given	
TOTAL	102,226
Of which in relation to:	
- the senior executives	
- the subsidiaries	
- investments	
- other related companies	
Of which commitments secured by physical collateral	
Commitments received	Amount
Endorsements, sureties and guarantees	
Other commitments received	
TOTAL	
Of which in relation to:	
- the senior executives	
- the subsidiaries	
- investments	
- other related companies	
Of which commitments secured by physical collateral	

COMMITMENTS MADE IN RESPECT OF PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT COMMITMENTS

Pension obligations have not been recognized as a provision. At December 31, 2021, the commitment totaled €102 thousand. The company had no employees as of the previous closings, so there have to date been no pension commitments.

Main assumptions used:

- Discount rate	0.98% (Iboxx corporate AA 10 +)
- Retirement age	67 for managers and non-managers
- Salary progression rate	2% constant
- Staff turnover rate	1% managers and 5% non-managers
- Collective agreement	Chemistry
- Mortality table	TG 05

TABLE OF SUBSIDIARIES AND INVESTMENTS

Entities	Share capital	Reserves and retained earnings	Percentage of share capital held	Securities held		Loans and advances granted	Sureties and endorsements issued	Last fiscal year		Dividends received during the period
				Gross value	Net value			Turnover	Net income	
<i>Subsidiaries (over 50% of the capital held)</i>										
BERKEM DÉVELOPPEMENT	2,055,154	1,555,283	100%	41,689,611		15,894,428		5,876,448	85,379	-

5. STATUTORY AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2021

Statutory Auditors' report on the financial statements

Fiscal year ended December 31, 2021

To the Shareholders' Meeting

GROUPE BERKEM

SA with share capital of €39,791,309

20, rue Jean Duvert

33290 BLANQUEFORT

Opinion

In compliance with the mission entrusted to us by the Shareholders' Meeting, we have audited the financial statements of GROUPE BERKEM for the fiscal year ended December 31, 2021, as attached to this report.

We certify that the financial statements are, in accordance with French accounting rules and principles, accurate and fair and give a true image of the results of operations for the past fiscal year as well as of the financial position and assets of the company at the end of this fiscal year.

Basis for the opinion

Audit framework

We have performed our audit in accordance with the professional standards applicable in France. We believe that the information we have collected is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the “Statutory Auditors’ Responsibilities for the Audit of the Financial Statements” section of this report.

Independence

We have carried out our audit assignment in compliance with the rules of independence provided for by the French Commercial Code and the French Code of Ethics (Code de déontologie) for Statutory Auditors, covering the period from January 1, 2021, to the date of publication of our report.

Rationale for the assessments

The global crisis linked to the COVID-19 pandemic has created particular conditions for the preparation and audit of the financial statements for this fiscal year. This crisis and the exceptional measures taken in the context of the public health state of emergency are indeed generating multiple consequences for businesses, in particular in terms of their activity and funding, as well as heightened uncertainty surrounding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organization of companies and on the way in which audits are carried out.

It is in this complex and evolving context that, in accordance with the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following assessments, which, in our professional judgment, were the most significant for the audit of the financial statements for the period.

These assessments have been made in the context of the audit of the financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on the elements of these financial statements taken in isolation.

Valuation of investment securities

The note “Accounting rules and methods - Investment securities and other financial assets” on page 8 of the notes to the financial statements sets out the accounting rules and methods relating to the valuation of investment securities.

Our work consisted of assessing the value in use retained for the valuation of the investment securities by analyzing the data and assumptions on which these estimates are based.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents on the financial position and the financial statements sent to the shareholders.

We have no matters to report as to the accuracy and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents sent to the shareholders on the financial position and the financial statements.

Corporate governance report

We hereby certify the existence, in the section of the management report of the Board of Directors on corporate governance, of the information required by Article L.225-37-4 of the French Commercial Code.

Other information

In accordance with the law, we have ensured that the various information relating to equity investments and controlling interests and the identity of the holders of the share capital or voting rights have been communicated to you in the management report.

Responsibilities of management and of those charged with corporate governance relating to the financial statements

It is the responsibility of management to prepare financial statements that present a true and fair view in accordance with French accounting standards and to implement the internal control that it deems necessary to prepare the financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the financial statements, it is the responsibility of management to assess the company's ability to continue as a going concern, to present in these financial statements, where applicable, the necessary information relating to the going concern and to apply the going concern accounting policy, unless it is planned to liquidate the company or to cease trading.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors in relation to the audit of the financial statements

It is our responsibility to prepare a report on the financial statements. Our objective is to obtain reasonable assurance that the financial statements as a whole are free from any material misstatements. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that any audit carried out in accordance with professional standards is systematically able to detect all material misstatements. Misstatements may be due to fraud or result from errors and are considered as material when it can be reasonably expected that they may, taken individually or on aggregate, influence the investment decisions made by users of the financial statements on the basis thereof.

As stipulated by Article L.823-10-1 of the French Commercial Code, our task consisting of the certification of the financial statements does not consist of guaranteeing either the viability or the quality of the management of your company.

In the context of an audit carried out in accordance with the professional standards applicable in France, statutory auditors exercise their professional judgment throughout this process. In addition:

- they identify and assess the risks that the financial statements could contain material misstatements, whether due to fraud or error, define and implement audit procedures to address these risks, and collect any information that they consider sufficient and appropriate to provide a basis for their opinion. The risk of failing to detect a material misstatement resulting from fraud is higher than that of failing to detect one resulting from an error as fraud may imply collusion, forgery, voluntary omissions, false statements, or the avoidance of internal controls;
- they familiarize themselves with the relevant internal controls for the audit in order to define the audit procedures appropriate in the circumstances, and not with the aim of expressing an opinion on the effectiveness of such internal controls;

- they assess the appropriateness of the accounting methods retained and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the financial statements;
- they assess the appropriateness of the application by management of the accounting policy relating to a going concern and, according to the information gathered, whether or not there are any material uncertainties linked to events or circumstances liable to impact the company's capacity to continue as a going concern. This assessment is based on the elements gathered up to the date of their report, it being however noted that subsequent events or circumstances could call into question the continuity of the business. If they conclude that a material uncertainty does exist, they draw the attention of the readers of their report to the information provided in the financial statements about this uncertainty or, if such information is not provided or not relevant, they refuse to certify the financial statements or do so with a reservation;
- they assess the overall presentation of the financial statements and assess whether the financial statements reflect the underlying transactions and events in such a way as to give a true and fair view.

Le Tourne and Bordeaux, on April 29, 2022

Statutory Auditors

FOR DEIXIS,

Nicolas de Laâge de Meux

Partner

FOR VS AUDITEX

Simon Vezin

Partner

6. CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021

6.1. CONSOLIDATED FINANCIAL STATEMENTS CLOSED AT DECEMBER 31, 2021



GROUPE BERKEM

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2021

GROUPE BERKEM

20, rue Jean Duvert
33290 BLANQUEFORT, FRANCE

CAUTIONARY NOTICE

The Group consolidated financial statements relating to the consolidated financial statements closed at December 31, 2021, correspond to the consolidated financial statements of GROUPE BERKEM and its subsidiaries.

The Group's activity is from March 8, 2021 through December 31, 2021.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

	December 2021		
	Gross values	Amort. Prov.	Net value
Intangible assets	56,920	1,895	55,026
<i>Of which goodwill</i>	29,693	-	29,693
Property, plant and equipment	35,487	22,015	13,472
Financial assets	226	-	226
Equity-accounted investments	-	-	-
Total fixed assets	92,632	23,910	68,723
Inventories and work in progress	7,505	251	7,254
Trade receivables	3,331	345	2,986
Other receivables and accruals, prepayments and sundry assets	8,406	-	8,406
Marketable securities	70	1	69
Cash and cash equivalents	15,533	-	15,533
Total ASSETS	127,477	24,506	102,971
Capital			39,791
Additional paid-in capital			29,801
Group reserves			1,883
Translation reserves			-
Net income for the fiscal year			141
Total shareholders' equity			71,617
Non-Group interests			-
Provisions			1,334
Borrowings and financial debt			19,997
Trade and related payables			5,951
Other debts and accruals			4,073
Total LIABILITIES			102,971

Consolidated income statement

	December 2021
Sale of goods	31
Production sold (goods)	35,192
Production sold (services)	3,296
Turnover	38,519
Production in inventory	902
Capitalized production	1,568
Operating subsidies	592
Transfers of operating expenses	1,034
Reversals of impairment and provisions	569
Other income	- 0
Purchases consumed	- 16,359
Other purchases and external expenses	- 7,822
Taxes and duties	- 730
Personnel expenses	- 9,862
Depreciation, amortization and provisions	- 3,657
Other operating expenses	- 285
Operating income before amortization and impairment of goodwill	4,470
Amortization of goodwill	-
Operating income after depreciation and amortization and impairment of goodwill	4,470
Financial income and expenses	-2,417
Non-recurring expenses and income	-1,337
Income tax	- 558
Net income of consolidated companies	158
Share of net income of equity-accounted companies	-
Net income of the consolidated group	158
Non-controlling interests	17
Net income (attributable to owners of the parent)	141

Statement of changes in shareholders' equity

	Capital	Primes liées au capital	Réserves	Résultat Groupe de la période	Autres	Part groupe	Part des minoritaires	Total
Situation à l'ouverture								
Variation du capital	39 791	33 271				73 062		73 062
Frais d'augmentation de capital		-3 469				-3 469		-3 469
Résultat 2021.12				141		141		141
Variation de périmètre			1 883			1 883		1 883
Autres variations						0		0
Situation à clôture 2021.12	39 791	29 802	1 883	141	0	71 617	0	71 617

Capital	Capital
Primes liées au capital	Additional paid-in capital
Réserves	Reserves
Résultat Groupe de la période	Group net income for the period
Autres	Other
Part groupe	Attributable to owners of the parent
Part des minoritaires	Non-controlling interests
Total	Total
Situation à l'ouverture	Opening position
Variation du capital	Change in capital
Frais d'augmentation de capital	Capital increase costs
Résultat 2021.12	Profit (loss) Dec 2021
Variation de périmètre	Change in the scope of consolidation
Autres variations	Other changes
Situation à clôture 2021.12	Closing position Dec 2021

Cash flow statement

	December 2021
Total net income of consolidated companies	158
Elimination of depreciation, amortization and provisions	4,226
Elimination of changes in deferred taxes	(11)
Elimination of capital gains or losses on disposals	(164)
Cash flow	4,209
Change in inventories	(1,056)
Change in customer accounts receivable	3,488
Change in payables and other creditors	(1,905)
Change in working capital requirement	527
Net cash flow from operating activities	4,735
Acquisitions of fixed assets	(3,213)
Disposals of fixed assets	168
Impact of changes in scope	(1,461)
Net cash flow from investments	(4,506)
Capital increases/reductions	39,353
Bond issues	225
Bond redemptions	(24,413)
Net cash flow from financing activities	15,165
Change in cash position	15,395
Opening cash	0
Closing cash	15,395

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant events of the year

- Transactions on the share capital and changes in the identification of the company

A contribution-sale of securities in BERKEM DÉVELOPPEMENT was carried out by HOF (now KENERCY) to GROUPE BERKEM on March 8, 2021. On this date, the latter became the holding company of BERKEM DÉVELOPPEMENT.

This contribution-sale involved 33,485,060 ordinary shares of BERKEM DÉVELOPPEMENT, i.e. 81% of the capital and voting rights. In consideration for this contribution, GROUPE BERKEM carried out a capital increase of €29,135 thousand.

The remainder of the BERKEM DÉVELOPPEMENT shares held by HOF (now KENERCY) were acquired by GROUPE BERKEM. This sale operation involved 5,014,938 shares of BERKEM DÉVELOPPEMENT, i.e. approximately 12% of the capital and voting rights of the company.

At the same time, the company name IMMOBILIÈRE ET FONCIÈRE was changed to GROUPE BERKEM.

- Industrial incident

On June 24, 2021, one of the workshops at the Lixol site in La Teste-De-Buch experienced an incident that led to its closure. Business interruption insurance has been invoked as well as the partial unemployment scheme.

- IPO

The consolidated group, of which GROUPE BERKEM is the consolidating company, was listed on the Euronext Growth market on December 7, 2021. Post-transaction capitalization is approximately €165 million.

- Acquisition of non-controlling interests

- BERKEM DÉVELOPPEMENT

On December 15, 2021, Groupe Berkem purchased from M CAPITAL the remaining 2,603,076 shares, representing the 6.33% of non-controlling interests, for a value of €3,436 thousand.

- BERKEM SAS

In 2021, BERKEM DÉVELOPPEMENT acquired the BERKEM shares held by M CAPITAL. The transaction involved 1,532,991 shares for a total value of €2,022,226.80., representing the 5% non-controlling interests

As a result of this acquisition, at the close of 2021, BERKEM DÉVELOPPEMENT holds 100% of the share capital of BERKEM.

Following these transactions in 2021, all of the non-controlling interests were acquired.

- Global early redemption of Convertible Bonds

These bonds were held by the NOVI 2 fund on December 15, 2021. The nominal value of the redeemed convertible bonds amounted to €14,600 thousand, to which must be added €657 thousand in non-conversion premiums, €2,929 thousand in capitalized interest and €1,185 thousand in cash interest.

2. Standards and procedures

2.1. Accounting standards

The consolidated financial statements of the GROUPE BERKEM are prepared in accordance with the accounting rules and principles in force in France. The provisions of the French Accounting Standards Authority (Autorité des Normes Comptables) Regulation No. 2020-01 are applied. The consolidated financial statements comply with the accounting principles defined below.

The consolidated financial statements comply with the accounting principles defined below:

- prudence;
- independence of fiscal years;
- consistency of accounting policies from one fiscal year to another;
- business continuity.

For the consolidated financial statements, the Group applies the mandatory methods and standards provided for in ANC Regulation No. 2020-01 and in particular:

- capitalization of finance leases;
- inclusion of transfer taxes, fees and legal costs in the cost of assets;
- Recognition of development costs as an asset,
- recognition of retirement benefit obligations and similar benefits;
- capitalization of bond issuance costs.

2.2. Presentation and comparability of financial statements

The consolidated financial statements are presented in thousands of euros. The euro is the functional currency of the Group's parent company, GROUPE BERKEM. All financial data are rounded to the nearest euro.

The consolidated financial statements for the year ended December 31, 2021 cover a 10-month period. The income items used to prepare the consolidated financial statements cover the period from March 8, 2021 to December 31, 2021.

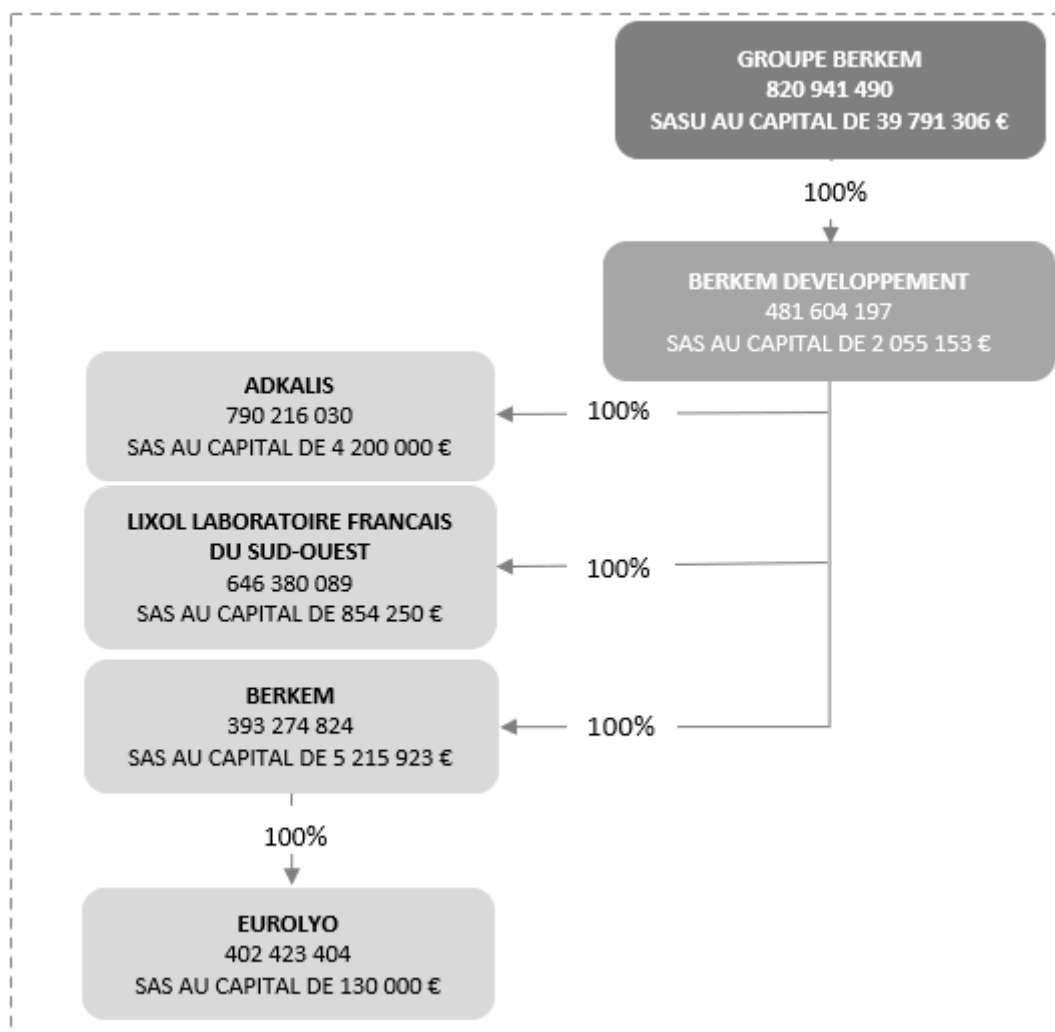
The Group considered that the cash flows for the period from March 1 to March 7, 2021 were not material and were therefore included in the interim consolidated income statement and not in goodwill.

2.3. Consolidation methods

The consolidated financial statements have been prepared using consistent accounting policies to account for similar transactions and events occurring under similar circumstances.

2.3.1. Presentation of the scope of consolidation

On March 8, 2021, GROUPE BERKEM acquired a stake in BERKEM DÉVELOPPEMENT, thus becoming the parent company of the Berkem group.



----- Périmètre de consolidation

GROUPE BERKEM	GROUPE BERKEM
820 941 490	820 941 490
SASU AU CAPITAL DE 39 791 306 €	SIMPLIFIED JOINT-STOCK COMPANY WITH A SINGLE SHAREHOLDER WITH A SHARE CAPITAL OF €39,791,306
BERKEM DEVELOPPEMENT	BERKEM DÉVELOPPEMENT
481 604 197	481 604 197
SAS AU CAPITAL DE 2 055 153 €	SIMPLIFIED JOINT-STOCK COMPANY WITH A SHARE CAPITAL OF €2,055,153
ADKALIS	ADKALIS
790 216 030	790 216 030

SAS AU CAPITAL DE 4 200 000 €	SIMPLIFIED JOINT-STOCK COMPANY WITH A SHARE CAPITAL OF €4,200,000
LIXOL LABORATOIRE FRANÇAIS DU SUD-OUEST	LIXOL LABORATOIRE FRANÇAIS DU SUD-OUEST
646 380 089	646 380 089
SAS AU CAPITAL DE 854 250 €	SIMPLIFIED JOINT-STOCK COMPANY WITH A SHARE CAPITAL OF €854,250
BERKEM	BERKEM
393 274 824	393 274 824
SAS AU CAPITAL DE 5 215 923	SIMPLIFIED JOINT-STOCK COMPANY WITH A SHARE CAPITAL OF €5,215,923
EUROLYO	EUROLYO
402 423 404	402 423 404
SAS AU CAPITAL DE 130 000 €	SIMPLIFIED JOINT-STOCK COMPANY WITH A SHARE CAPITAL OF €130,000
Périmètre de combinaison	Scope of consolidation

2.3.2. Consolidation method

GRUPE BERKEM is the parent company of the BERKEM group. All companies are currently controlled exclusively by GRUPE BERKEM. Controlled entities are all fully consolidated.

Units	December 2021		
	Interest rate	% control	Method of consolidation
SAS GROUPE BERKEM			Parent company
SAS BERKEM DÉVELOPPEMENT	100.00%	100.00%	Full consolidation
SAS BERKEM	100.00%	100.00%	Full consolidation
SAS ADKALIS	100.00%	100.00%	Full consolidation
SAS EUROLYO	100.00%	100.00%	Full consolidation
SAS LIXOL LABORATOIRE FRANCAIS DU SUD-OUEST	100.00%	100.00%	Full consolidation

2.3.3. Goodwill

In accordance with regulatory provisions, goodwill represents the difference between the acquisition cost of equity interests and the acquiring company's share in the total valuation of assets and liabilities identified at the acquisition date.

This item therefore records differences resulting from an acquisition that could not be allocated to a fixed asset item.

Business assets, for which identifiable items have been recognized separately, are treated as goodwill on consolidation when they do not meet the identification criteria established by ANC Regulation No. 2020-01.

Positive goodwill is presented as an asset under "Goodwill"

Impairment test

On the acquisition date, any surplus between the acquisition price and the Group's share in the identifiable net assets of the acquired company results in the recognition of goodwill.

Goodwill is considered to have an unlimited useful life.

Thus, in accordance with the ANC 2015-06, it is not amortized and is subject to an impairment test at least once a year or if an indication of impairment is identified.

For this test, goodwill is allocated to cash-generating units, which correspond to homogeneous sets of assets that jointly generate identifiable cash flows. The Group recognized the Formulation and Extraction CGUs.

The procedures for impairment tests on cash-generating units are detailed in Note 3.1.1.

When an impairment loss is recognized, the difference between the carrying amount of the asset and its recoverable amount is recognized on the line "Depreciation, amortization and provisions for goodwill", after the net income of consolidated companies. Impairment losses on goodwill are not reversible.

2.4. Valuation methods and rules

2.4.1. Group management judgment and estimates

The preparation financial statements requires, on the part of management, the use of judgment, estimates and assumptions that have an impact on the amounts of assets and liabilities at the closing date as well as on the items of income for the period. These estimates take into account economic data that may vary over time and involve uncertainties.

The estimates and underlying assumptions are made based on past experience and other factors considered reasonable in the circumstances. They serve as a basis for the exercise of the judgment required to determine the carrying amounts of assets and liabilities, which cannot be obtained directly from other sources. Actual values may differ from estimated values.

Estimates and underlying assumptions are reviewed on an ongoing basis.

The impact of changes in accounting estimates is recognized during the period of the change if it only affects that period, or during the period of the change and subsequent periods if these are also affected by the change.

They mainly concern the assessment of the value of fixed assets, in particular intangible items (goodwill, capitalized development costs) and operating assets (deferred tax assets, for example).

2.4.2. Finance leases

Transactions carried out by means of a finance lease are restated according to the same terms and conditions as a credit acquisition for their original lease value.

Depreciation is in accordance with the aforementioned methods and rates, and the tax impact of this restatement is taken into account.

In France, this mainly concerns finance leases, long-term leases and leases with an option to purchase the vehicles. The assets acquired through these leases are capitalized. The liability corresponding to the outstanding capital is recorded under financial liabilities.

Fixed assets are depreciated, with some exceptions, according to the depreciation periods used by the Group. But in practice, for vehicle leases, residual values on equipment are very low (often \leq 1% of the original value) and assets with an actual useful life close to the term of the lease. Furthermore, depreciation periods are often adjusted to the lease terms.

The rental payments are restated as depreciation and financial expenses:

	12/31/2021 (10 months)
Cancellation of rental payments	535
- Recognition of financial expenses	(29)

- Depreciation charges	(413)
Impact on net income	93

2.4.3. Deferred tax status

In accordance with the provisions of the ANC Regulation No. 2020-01, the Group recognizes deferred taxes in the event of:

- temporary differences between the tax value and carrying amounts of assets and liabilities;
- tax loss carryforwards.

The tax rate at 12/31/2021 was 25%.

Deferred tax assets and liabilities are offset for the same taxable entity. In accordance with ANC Regulation No. 2020-01, deferred tax assets are only taken into account:

- if their recovery does not depend on future results; or
- if their recovery is probable due to the existence of an expected taxable profit during their settlement period. Deferred tax loss carryforwards amounted to €772 thousand at December 31, 2021 for the following companies:
 - Berkem Développement: €282 thousand;
 - Berkem SAS: €489 thousand.

2.4.4. Factoring

Transactions recorded with the factor show a receivable at December 31, 2021, of €977 thousand corresponding to the amounts retained for the guarantee fund, reserves for year-end bonuses and the replenishment account.

This receivable breaks down as follows:

- Adkalis: €205 thousand
- Berkem SAS: €449 thousand
- Eurolyo: €87 thousand
- Lixol: €236 thousand

In addition, the total amount of receivables sold at December 31, 2021, and not recovered is €2,356 thousand. In application of the ANC Regulation No. 2020-01, because the Group records its asset sales transactions as a deduction from the balance of receivables, this amount does not appear on the balance sheet at December 31, 2021. This amount exclusively relates to Berkem SAS.

2.4.5. Retirement benefit obligations and similar benefits

The amount of rights to be acquired by employees for the calculation of retirement benefits is determined according to their length of service and taking into account a percentage likelihood of being employed by the Company at retirement age.

These costs are all provisioned and taken into account in the income statement over the duration of the employee's service for the Group's entities concerned by such obligations and for which the valuation can be considered significant.

The method used by the Group is prospective. It takes into account the commitments outsourced by BERKEM under an IFC insurance contract, for an amount of €79 thousand. The provision is €1,053 thousand at December 31, 2021. The assumptions used are as follows:

Assumptions used			
Discount rate	Iboxx corporate AA10+	12/31/2020	0.35%
		02/28/2021	0.69%
		12/31/2021	0.98%
Retirement age	67 years for managers and non-managers		
Salary growth rate	2% constant (manager and non-manager)		
Employee turnover rate	1% manager		
	5% non-manager		
Collective agreement	Chemistry		
Departure at the employee's initiative			
Mortality table	TG 05		

2.4.6 Distinction between non-recurring income and recurring income

Recurring income is income from activities in which the Company is engaged in the course of its business as well as ancillary activities that it undertakes on an incidental basis or as an extension to its normal activities.

Non-recurring income is the result of unusual events or transactions that are distinct from its normal activities and are not expected to occur frequently or regularly.

2.4.7 Impairment (applicable to intangible assets and property, plant and equipment)

At the end of the fiscal year, an impairment test was carried out on property, plant and equipment and intangible assets for each CGU (Formulation and Extraction).

3. Additional balance sheet information

3.1. Intangible assets

	2021.03	Acquisitions	Cessions	Dotations de l'exercice	Var. de périmètre	Allocation du PPA	Reclassements	2021.12
Frais de recherche	-	495	-	-	1 674	-	458	2 627
Concessions, brevets & droits similaires	-	300	-	-	-	2 300	-	2 600
Fonds commercial	-	-	-	-	-	-	-	-
Marque	-	-	-	-	-	3 600	-	3 600
Clientèle	-	-	-	-	-	18 400	-	18 400
Autres immobilisations incorporelles	-	-	-	-	-	-	-	-
Immo. incorporelles en cours	-	-	46	-	504	-	458	-
Total immobilisations incorporelles	-	795	46	-	2 178	24 300	-	27 227
Amt/Dép. frais de rech.	-	-	-	228	747	-	-	975
Concessions, brevets & droits similaires	-	-	-	14	0	154	-	168
Amt/Dép. clientèle	-	-	-	0	-	751	-	751
Autres immobilisations incorporelles	-	-	-	-	-	-	-	-
Total amortissements et provisions	-	-	-	1 147	747	-	-	1 895
Total valeur nette	-	795	46	1 147	1 431	24 300	-	25 333

2021.03	03. 2021
Acquisitions	Acquisitions
Cessions	Disposals
Dotations de l'exercice	Allocations in the fiscal year
Var. de périmètre	Change in scope of consolidation
Reclassements	Reclassifications
2021.12	12.2021
Frais de recherche	R&D costs
Concessions, brevets & droits similaires	Concessions, patents and similar
Fonds commercial	Business assets
Autres Immobilisations Incorporelles	Other intangible assets
Immo. Incorporelles en cours	Intangible assets in progress
Total Immobilisations Incorporelles	Total intangible assets
Amt/Dép. frais de rech.	Amortization and impairment of R&D costs
Concession, brevets & droits similaires	Concessions, patents and similar
Autres Immobilisations Incorporelles	Other intangible assets

Total amortissements et provisions	Total depreciation, amortization and provisions
Total valeur nette	Total net value

Intangible assets consist of research and development costs, software, patents, brands, client relationships and goodwill. The methods and depreciation periods used for intangible assets are as follows:

- Marketing authorizations (MA): 10 years on a straight-line basis;
- Development costs: 5 years on a straight-line basis;
- Software: from 3 to 5 years on a straight-line basis;
- Patents: 10 to 20 years on a straight-line basis;
- Customer relationship: 20 years on a straight-line basis.

The column “variation in scope” corresponds to the impact on the scope of consolidation of companies Adkalis, Berkem SAS, Eurolyo, Lixol and Berkem Développement after consolidation restatement.

3.1.1 Goodwill

	March 2021	Newly consolidated entities	Allocation of the PPA	Allocations in the fiscal year	December 2021
BERKEM DÉVELOPPEMENT	-	53,355	-25,383		27,972
BERKEM SAS	-	1,721			1,721
Total goodwill	-	55,076	-25,383	-	29,693
Total depreciation and amortization	-	0	-	-	-
Total Net value	-	55,076	-25,383	-	29,693

BERKEM DÉVELOPPEMENT

GRUPE BERKEM took control of BERKEM DÉVELOPPEMENT following two successive transactions. On March 8, 2021, a contribution by HOF of 81% of the shares was made as well as the acquisition of 12% of the shares held by HOF. Under the ANC Regulation 2020-01, this acquisition cannot be considered as an internal transaction in the consolidated financial statements of the BERKEM group because the seller is located outside the scope of the BERKEM group.

On December 15, 2021, the remaining 2,603,076 shares were acquired from M CAPITAL for a value of €3,436 thousand.

Goodwill was calculated in two steps:

- As of March 8, 2021, based on interim financial statements as of February 28, 2021, it being specified that these positions have not been audited, and whose calculation is detailed below.
- As of December 15, 2021, based on the financial statements as of December 31, 2021, which resulted in an excess value of €5,614 thousand.

The Group considered that the flows for the period from March 1-7, 2021 were not material, therefore they were included in the consolidated interim income statement and not in goodwill.

The calculation of goodwill arising from the March 8, 2021 transaction is as follows (in € thousands):

Acquisition price (A)		38,254
Net position		1,266
(-) Unidentified assets and liabilities assumed	-	5,627
(-) Adjusted net assets (B)	-	4,361
Preliminary goodwill ⁽¹⁾ (A) - (B)		42,615
(+) Intangible assets ⁽²⁾		7,629
(-) R&D costs ⁽²⁾	-	1,431
(-) Deferred taxes on intangible assets	-	1,072
Goodwill before allocation		47,741

(1) Preliminary goodwill is that presented in the financial statements at June 30, 2021.

(2) All intangible assets were reclassified as goodwill with the exception of development costs for €1.4 million in the opening balance sheet.

The identification of assets and liabilities at fair value has led to the following allocation in the opening balance sheet (in millions of euros):

Assets analyzed	Amount allocated	Valuation method	Life
Patent/license	€2.3 million	Royalty fee method	Between 10-17 years
Customer relationships	€18.4 million	Surplus method	20 years
Brand	€3.6 million	Royalty fee method	Indefinite
Property, plant and equipment	€1.8 million	Fair value based on market value or reconstruction costs	11 years
Inventories	€0.4 million	Fair value	N/A
Deferred taxes	(€1 million)	Deferred tax on revaluation of patents (and licenses), property, plant and equipment, and inventories	N/A
Total allocated	€25.4 million		

The fair value measurement of inventories at the beginning of the year consists of determining the margin that could be generated by the sale of these inventories separately by deducting from the selling price, on the one hand, the production costs yet to be realized to market them and, on the other hand, the commercial and delivery costs.

The accounting treatment of the value of inventories at the beginning of the year has a negative, non-monetary impact on the margin when the inventory is actually sold. This negative impact was presented in non-recurring income.

BERKEM SAS

In 2021, BERKEM DÉVELOPPEMENT acquired the BERKEM shares held by M CAPITAL. The transaction related to 1,532,991 shares for a total value of €2,022 thousand.

As a result of this acquisition, at the close of 2021, BERKEM DÉVELOPPEMENT holds 100% of the share capital of the company BERKEM.

Goodwill was calculated as of December 15, 2021, based on the financial statements as of December 31, 2021. This resulted in an excess value of €1,721 thousand.

Impairment test

Cash flows were assessed on the basis of budgets and five-year plans based on a growth and margin outlook consistent with the historical performance of the Group and its markets. The growth rate of 2.0% used to project cash flows to infinity is consistent with long-term inflation rates in France.

The discount rate used corresponds to the weighted average cost of capital and represents the expected return on capital employed. It is calculated using the financial data of a sample of comparable companies, comprising listed companies in the same business sector as the Group. At December 31, 2021, the discount rate determined on the basis of market data is in the range of 9.0% to 10.0%. This discount rate is applicable to the Formulation CGU and the Extraction CGU.

After reviewing the value of goodwill, no impairment was recognized at December 31, 2021.

Sensitivity analysis

The Group carried out sensitivity analyses of the results of the impairment tests according to the various assumptions of the EBITDA ratio used to calculate the terminal value and the discount rate.

Sensitivity analyses were carried out on the basis of the selected business plan, including reasonably possible changes in the latter (-100 bps for the EBITDA / turnover ratio, +100 bps for the discount rate). These sensitivity analyses did not reveal a scenario in which the recoverable amount would fall below the carrying amount of the assets tested.

3.2. Property, plant and equipment

Property, plant and equipment are recognized at their historical acquisition value or their production cost. Depreciation and amortization is calculated on a straight-line basis over the normal period of use of the goods. Depending on their nature:

- Structural work: 10 to 40 years;
- Heavy fittings: 4 to 30 years;
- Usual fittings, furniture and decoration: 5 years;

- IT equipment: 2 to 5 years;
- Vehicles: 3 to 5 years.

The identification of property, plant and equipment at fair value led to the allocation of €1,848 thousand in the opening balance sheet and mainly concerns the Gardonne plant.

	2021.03	Acquisitions	Cessions	Dotations de l'exercice	Reprises de l'exercice	Var. de périmètre	PPA	Reclassements	2021.12
Terrains	-	25	-			1 223	-	265	982
Constructions	-	283	-			11 755	-	265	12 303
Installations techniques, matériel & outillage	-	820	69			13 657	1 694	74	16 176
Installations techniques, matériel & outillage en crédit-bail	-	72	-			2 007	-	-	2 079
Matériel de bureau	-	-	-			0	138	-	138
Matériel de transport	-	183	-			806	-	-	989
Matériel de transport en crédit bail	-	125	-			125	-	-	-
Matériel informatique	-	34	3			478	16	-	525
Autres immobilisations corporelles	-	6	1			945	-	-	949
Immobilisations corporelles en cours	-	896	-			422	-	74	1 243
Avances et acomptes s/immo. corp.	-	100	-			2	-	-	102
Total immobilisations corporelles	-	2 417	74			31 295	1 848	-	35 487
Terrains	-	-	-	12	-	161	-	-	172
Constructions	-	-	-	455	-	7 229	-	-	7 684
Construction Crédit-Bail	-	-	-	-	-	-	-	-	-
Installations techniques, matériel & outillage	-	-	83	936	-	11 314	137	-	12 030
Installations techniques, matériel & outillage Crédit-Bail	-	-	-	247	-	219	-	-	466
Matériel de bureau	-	-	-	10	-	-	-	-	10
Matériel de transport	-	-	-	173	-	495	-	-	669
Matériel de transport Crédit-Bail	-	-	-	-	-	-	-	-	-
Matériel informatique	-	-	3	29	-	427	-	-	452
Autres immobilisations corporelles	-	-	-	41	-	490	-	-	531
Total amortissements et provisions	-	-	86	1 904	-	20 334	137	-	22 015
Total valeur nette	-	2 417	12	1 904	-	10 960	1 985	-	13 472

2021.03	03.2021
Acquisitions	Acquisitions
Cessions	Disposals
Reprises de l'exercice	Reversals in the fiscal year
Var. de périmètre	Change in scope of consolidation
PPA	PPA
Reclassements	Reclassifications
	Change in scope of consolidation
2021.12	12.2021
Terrains	Land

Constructions	Buildings
Installations techniques, matériel & outillage	Technical facilities, machinery and equipment
Installations techniques, matériel & outillage en crédit-bail	Technical facilities, machinery and equipment under finance lease
Matériel de bureau	Office equipment
Matériel de transport	Transport equipment
Matériel de transport en crédit-bail	Transport equipment under finance lease
Matériel informatique	IT equipment
Autres immobilisations corporelles	Other property, plant and equipment
Immobilisations corporelles en cours	Property, plant and equipment in progress
Avances et acomptes s/ immo. corp.	Advances and prepayments on property, plant and equipment
Total immobilisations corporelles	Total property, plant and equipment
Terrains	Land
Constructions	Buildings
Constructions Crédit-bail	Leased buildings
Installations techniques, matériel & outillage	Technical facilities, machinery and equipment
Installations techniques, matériel & outillage Crédit-bail	Technical facilities, machinery and equipment under finance lease
Matériel de bureau	Office equipment
Matériel de transport	Transport equipment
Matériel de transport Crédit-bail	Transport equipment under finance lease
Matériel informatique	IT equipment
Autres immobilisations corporelles	Other property, plant and equipment
Total amortissements et provisions	Total depreciation, amortization and provisions
Total valeur nette	Total net value

3.3. Financial assets

March 2021	Acquisitions	Disposals	Change in scope of consolidation	December 2021
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Loans, guarantees and other receivables	-	-	-	212	212
Long-term investments	-	0	(11)	24	13
Total financial assets	-	-	(11)	212	226
Total impairments of financial assets	-	-	-	-	-
Total Net value	-	-	(11)	212	226

They mainly include loans, guarantees and other receivables, as well as non-consolidated investment securities. An impairment is recognized if their value in use for the Group falls below their carrying amount.

3.4. Inventories

	December 2021		
	Gross	Provision	Net
Raw materials, supplies	2,061	(29)	2,032
Intermediate and finished goods	5,444	(222)	5,222
Goods	-	-	-
Total inventories	7,505	(251)	7,254

Inventories consist of raw materials and other supplies. The consolidation valuation rules are identical to those applied in the parent company financial statements.

The gross value of raw materials and other supplies includes the purchase price and ancillary costs. Finished goods are valued at the Industrial Cost Price (PRI), i.e. at production cost including:

- consumption as well as direct and indirect production costs;
- depreciation of assets used in production;
- to which a structure coefficient is applied in fine.

The cost of the sub-activity and interest are excluded from the value of inventories.

For the provision for impairment of inventories, management has defined a discount rate based on the inventory rotation period (more than 12 months without movement). The amount of the provision is determined by applying this rate to the value of inventories present at 31 June 2021:

- Length of service \leq 24 months: 25%;

- Length of service > 24 months and ≤ 48 months: 50%;
- Length of service > 48 months and ≤ 72 months: 75%;
- Length of service > 72 months: 100%.

Below are the movements for the fiscal year in inventory impairments:

	03.2021	Allocations in the fiscal year	Reversals in the fiscal year	Change in scope of consolidation	12.2021
Impairment of inventories - raw materials, supplies and provisions	-	-72	51	-7	-29
Impairment of inventories - finished and intermediate products	-	-257	277	-242	-222
Total inventory impairments	0	-330	328	-249	-251

3.5. Trade receivables

	12.2021		
	Gross	Provision	Net
Trade receivables	3,273	-345	2,929
Un-issued invoice	58	0	58
Total trade receivables	3,331	-345	2,986

Trade receivables are recognized at their nominal value. An impairment provision is recognized when, at stock-taking, a risk of non-recovery exists.

The maturity of trade receivables is as follows:

	12.2021	< 1 year	1 to 5 years	> 5 years
Trade receivables	2,929	2,929	-	-
Un-issued invoice	58	58	-	-
Total receivables	2,986	2,986	0	0

Below are the movements in trade receivable impairments:

	March 2021	Allocations in the fiscal year	Reversals in the fiscal year	Change in scope of consolidation	December 2021
Impairment of trade receivables and related accounts	-	(31)	51	(365)	(345)
Total	-	(31)	51	(365)	(345)
Impairments on receivables and accrued interest – current	-	-	-	-	-
Total	-	-	-	-	-
Total impairment of trade receivables and related accounts	-	(31)	51	(365)	(345)

3.6. Other receivables and accruals

The breakdown of other receivables and accruals is as follows:

	12.2021	< 1 year	1 to 5 years	> 5 years
Deferred tax assets	2,109	552	758	799
Other receivables - current	1,710	1,710	-	-
Group current account assets - current	341	341	-	-
Tax receivables - excluding corporate tax - current	1,349	1,349	-	-
State, income tax - receivables - current	2,547	2,547	-	-
Other	350	350	-	-
Total other receivables and accruals	8,406	6,849	758	799

The use of deferred tax assets at December 31, 2021, against prior losses, was estimated as follows:

	Capitalized amount	2022	2023	2024	2025
Berkem Développement	235		45	132	58
Berkem	490	395	95		
Lixol	48		38	10	
Total	773	395	178	142	58

3.7. Cash

December 2021

Asset	
Marketable securities	69
Cash and cash equivalents	15,533
Liabilities	
Bank overdrafts	(208)
Total net cash	15,394

The change in cash is detailed in the cash flow statements, presented on page 6, for the period from March 8 to December 31, 2021.

3.8. Capital

The statement of changes in equity is presented on page 5. A breakdown of the composition of the share capital is set out below:

	Number (in thousands)	Nominal value	Total
Shares comprising the share capital at the time of the creation	50.1	€1	€50 thousand
Shares issued during the fiscal year	17,668,325	€2.25	€39,753 thousand
<i>Remuneration for the contribution of BERKEM DÉVELOPPEMENT shares - 03/08/2021</i>	12,949,103	€2.25	€29,135 thousand
<i>Capital increase in the context of the IPO - 12/07/2021</i>	4,719,222	€2.25	€10,618 thousand
Shares redeemed during the fiscal year	16.7	€2.25	€38 thousand
<i>Capital reduction due to losses - 02/19/2021</i>	50.1	(€0.25)	(€13)
<i>Consolidation of shares and change in their unit value - 03/08/2021</i>	(50.1)	(€0.75)	(€38)
	16.7	€2.25	€38
Shares comprising the share capital at the end of the fiscal year	17,685,025	€2.25	€39,791 thousand

Groupe Berkem's share capital was affected by several transactions in 2021:

- 02/19/2021: Capital reduction due to losses of €12.5 thousand. This transaction brought the share capital to €37.5 thousand by reducing the net value of the 50,010 shares from €1 to €0.75.
- 03/08/2021:
 - Reverse split of the Company's shares. Exchange of one ordinary share with a nominal value of €2.25 for three shares with a nominal value of €0.75.
 - Contribution of 33,485,060 shares of Berkem Développement. This transaction was remunerated by the issuance of 12,949,103 new shares representing a capital increase of €29,135 thousand.
- 12/07/2021: capital increase of €10,618 thousand as part of the IPO on the EURONEXT market.

3.9. Issue premium

An issue premium of €33,271 thousand was recognized on December 7, 2021, as part of the IPO transaction.

The capital increase costs net of tax (CNC opinion 2004-15) of €3,469 thousand were charged to the share premium.

3.10 Provisions

	March 2021	Allocations in the fiscal year	Reversals in the fiscal year	Change in the scope of consolidation	December 2021
Provisions for pensions and retirement	-	102	(190)	1,141	1,053
Other provisions for contingencies and charges	-	281	(50)	50	281
Total provisions	-	383	(240)	1,191	1,334

At the end of 2021, provisions for expenses consist of:

- Provision for retirement benefits: €1,053 thousand;
- Provision for Adkalis taxes: €236 thousand;
- Adkalis litigation: €44 thousand.

3.11 Financial liabilities

Changes in financial liabilities are as follows:

	March 2021	Increases	Repayments	Change in scope of consolidation		December 2021
Bonds	-	-	(17,471)		17,471	-
Loans from credit institutions	-	2	(5,942)	23,857		17,916
Indebtedness related to finance leases	-	252	(505)	2,064		1,810
Other borrowings and related debts	-	1	(494)	555		62
Bank overdrafts (cash flow liabilities)	-	-	87	121	87	208
Total financial liabilities	-	342	(24,413)	44,067	87	19,996

The breakdown of financial liabilities is as follows:

	December 2021	< 1 year	1 to 5 years	> 5 years
Loans from credit institutions	17,916	5,182	12,341	392
Finance lease borrowing	1,810	583	1,221	-
Other borrowings and related debts	62	62	-	-
Cash liabilities	208	208	-	-
Total financial liabilities	19,997	6,041	13,563	392

The breakdown of financial liabilities presented in the table above is in line with the repayment schedules initially planned.

In October 2018, BERKEM DÉVELOPPEMENT also subscribed to two interest rate hedging transactions:

- with NATIXIS, a swap on a notional amount of €3,366,000 (amortizable) exchanging 3M EURIBOR for a fixed rate of 0.38750% per annum over the period from October 16, 2018 to October 16, 2022;
- with Crédit Agricole, a swap on a notional amount of €4,080,000 exchanging a 3M EURIBOR for a fixed rate of 0.415% per annum over the period from 16 October 2018 to 16 October 2022.

3.12 Non-financial liabilities

	December 2021	< 1 year	1 to 5 years	> 5 years
Trade payables	4,844	4,844	-	-
Unpaid invoices	1,107	1,107	-	-
Total trade and related payables	5,951	5,951	-	-
	-			
Debts on acquired assets	93	93	-	-
Customers – Advances and down payments received	371	371	-	-
Customers - Credit notes and risk reduction reports	421	421	-	-
Social security payables	2,153	2,153	-	-
Tax liabilities	995	995	-	-
Deferred tax liabilities	-	-	-	-
State – Income taxes	9	9	-	-
Accrued interest on debts	4	4	-	-
Other debts	26	26	-	-
Total other liabilities and accruals	4,073	4,073	-	-

4. Notes to the combined income statement

4.1. Turnover

The Group's consolidated turnover represents the cumulative amount of trading, services and production activities. Turnover is recognized on delivery for sales of goods and finished goods, and on completion for services.

The breakdown of Group turnover is as follows:

	December 2021
France	28,972
Export	9,547
Total	38,519

4.2. Production in inventory

Production in inventory, totaling €902 thousand, mainly consists of the change in inventories of finished products at Adkalis (€967 thousand).

4.3. Capitalized production

The Group recognized capitalized production of €1,568 thousand in operating income for the following transactions:

Eurolyo:

- Development of remote control software: €14 thousand;
- Installation and automation of a new freeze-drier: €120 thousand;
- Automation and development of a freeze-grinding system: €95 thousand.

Berkem SAS:

- Improvement work on industrial buildings in Gardonne: €338 thousand, including €214 thousand in personnel expenses and €123 thousand in external costs;
- Work to improve industrial equipment: €82 thousand, including €69 thousand in personnel expenses and €13 thousand in external costs.

Lixol:

- Installation of a new reactor at the La Teste site: €132 thousand;
- Installation of expansion vessels: €23 thousand;
- Connection of vessels to the production line: €23 thousand;
- Works related to fire protection facilities: €18 thousand;
- Floor renovation: €6 thousand.

Berkem Développement:

- External costs incurred to obtain marketing authorizations, in France and abroad: €297 thousand;
- Development of a range of bio-sourced products: €392 thousand;
- Development of an ARNICA product: €103 thousand;
- Development of a new ERP: €124 thousand.

For information, the breakdown of capitalized production amounts above corresponds to 12-month data. The total over 12 months is €1,767 thousand. The 12-month consolidated income statement shows an amount of €1,568 thousand. The difference corresponds to transactions between January 1, 2021 and March 8, 2021.

4.4. Operating subsidies

The Group continued its research and development efforts. A portion of its expenses enabled the Group to claim tax credits in the amount of:

	December 2021
Research Tax Credit	531
Investment Tax Credit	15
Other grants	46
Total operating subsidies	592

The Group chose to recognize the research tax credit and the innovation tax credit as operating subsidies for the portion that cannot be directly attributed to capitalized development costs.

4.5. Transfers of operating expenses

A portion of its expenses enabled the Group to claim tax credits in the amount of:

	12.2021
Insurance compensation	877
Other	157
Total expense transfers	1,034

The operating loss compensation amounted to €877 thousand for the industrial incident at Lixol.

4.6 Reversals of depreciation, amortization and provisions

Reversals of provisions break down as follows:

	12.2021
Reversal of impairment of raw materials and goods inventories	328
Reversal of impairment of receivables (current assets)	51
Reversal of provisions for retirement benefit obligations	190
Total reversals of impairments and provisions	569

4.7. Other income

The other income account is zero at December 31, 2021.

4.8. Purchases of raw materials, other supplies and goods & changes in inventories

The breakdown of purchases and changes in inventories, presented in the income statement, is as follows:

	December 2021
Purchase of raw materials & other supplies	(16,461)
Change in raw materials & other supplies	126
Other purchases	(24)
Purchases consumed	(16,359)

4.9. Overall gross margin

The consolidated overall gross margin is the following:

	December 2021
Turnover	38,519
Production in inventory	902
Capitalized production	1,568
Transfers of operating expenses	1,034
Purchases consumed	(16,359)
Gross margin	25,665
Gross margin rate	67%

4.10. Other purchases and external expenses

The breakdown of other purchases and external expenses, presented in the income statement, is as follows:

	December 2021
Finance lease fees	(43)
Rentals and rental expenses	(484)
Compensation of temporary staff & fees	(1,392)
Other external expenses	(413)
Purchases of materials and supplies not in inventory	(974)
Seconded personnel	(10)
General subcontracting	(338)
Maintenance and repairs	(493)
Insurance premiums	(309)
Studies and research	(569)
Miscellaneous	(91)
Advertising	(403)
Transportation	(1,502)
Travel, assignments	(615)
Postal charges	(118)
Banking services	(63)
Commitment fees and loan issuance costs	(6)
Other purchases and external expenses	(7,822)

4.11. Taxes and duties

The breakdown of taxes and duties, presented in the income statement, is as follows:

	December 2021
Taxes and duties on compensation	(257)
Other taxes and duties	(473)
Taxes and duties	(730)

4.12. Personnel expenses

The breakdown of personnel expenses, presented in the income statement, is as follows:

	December 2021
Personnel compensation	(6,820)
Social security and welfare expenses	(2,951)
Other personnel expenses (including profit-sharing)	(90)
Personnel expenses	(9,862)

4.13. Other operating expenses

Other operating expenses amounted to €285 thousand, of which €56 thousand in patent royalties.

4.14. Depreciation of fixed assets

Allocations relating to fixed assets break down as follows:

	December 2021
Depreciation and amortization of intangible assets	(1,147)
Depreciation and amortization of property, plant and equipment	(1,708)

Total depreciation and amortization of fixed assets	(2,855)
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4.15. Provisions

Provisions break down as follows:

	December 2021
Amortization of operating expenses to be distributed	(369)
Impairment of raw materials and goods inventories	(330)
Provision for retirement benefit obligations	(102)
Total depreciation, amortization and provisions	(801)

4.16. Net financial income

Net financial income breaks down as:

	December 2021
Income from investments	7
Income from marketable securities	-
Foreign exchange gains	20
Other financial income	1
Income from other financial assets	112
Reversals of provisions	1
Total financial income	142
Interest expense on borrowings	(2,013)
Foreign exchange losses	(18)
Other financial expenses	(46)
Provisions	(2)
Total financial expenses	(2,079)
Allowance for/Amortization of bond redemption premiums	(480)
Total net change in financial impairments and provisions	(480)
Total net financial income	(2,417)

Interest expenses consist mainly of €1,617 thousand in interest on bonds and €358 thousand in interest on the senior debt subscribed by Berkem Développement.

4.17. Non-recurring income

Non-recurring income breaks down as:

	December 2021
Income from disposals of fixed assets	165
Other non-recurring income	139
Reversals of provisions	50
Total non-recurring income	354
Carrying amount of assets sold	(1)
Other non-recurring expenses	(1,351)
Extraordinary provisions	(339)
Total non-recurring expenses	(1,691)
Total non-recurring net income	(1,337)

Other non-recurring expenses mainly correspond in particular to:

- to the presentation in exceptional expenses of the accounting treatment of the value of inventories at the opening, which has a negative and non-monetary impact on the margin at the time of the actual sale of the inventories for €368 thousand,
- internal expenses related to the IPO for €588 thousand.

4.18. Income tax breakdown

The "Income tax" item in the income statement breaks down as follows:

	December 2021
Deferred taxes	12
Income or tax expense related to tax consolidation	(570)
Income tax	(558)

4.19. Tax proof

	December 2021
Net income of consolidated companies	158
Income tax	(558)
Net taxable income	716
<i>Parent company tax rate</i>	<i>26.50%</i>
Theoretical tax expense	(190)
Impact of permanent differences	261
Tax credits	(145)
Deficit not activated	252
Differences explained	368
Theoretical actual tax expense	(558)
Actual tax expense recognized	(558)

5. Sector and geographic information

5.1. Presentation of business sectors

The Group deploys its industrial know-how and innovation through two areas of expertise: plant extraction and formulation.

As the management has chosen to organize the Group according to the markets addressed and the distribution methods of the related products and services, a sector may, therefore, cover various geographical areas and several activities, provided that the economic characteristics of the activities, grouped within the same sector, are substantially the same.

Plant extraction represented 32% of combined turnover in 2021. Through its subsidiary, BERKEM, the Group extracts the natural ingredients of interest, carefully selected for their composition of active molecules and their benefits. BERKEM targets active ingredients such as polyphenols, natural antioxidants extracted from grape seeds or pine bark. These active products and ingredients are then offered to manufacturers in the nutraceutical, cosmetics and agrifoods sectors for the formulation of their products.

Through its subsidiary EUROLYO, the Group also offers freeze-drying services that make it possible to preserve all the organoleptic and nutritional qualities of the food as well as the fragile active ingredients intrinsic to the products, while extending the shelf life and facilitating transport and storage.

Formulation represented 68% of combined turnover in 2021. Through its subsidiaries ADKALIS and LIXOL, the Group carries out formulation and reaction of active chemical ingredients designed to improve the performance of construction materials (in particular the timber industry) and the synthesis of resins for the paint and printing ink industries.

These two areas of expertise converge today to develop a new technology that is unique in the chemical world: “plant-based boosters”, plant extracts capable of promoting a wide spectrum of efficacy of synthetic products while reducing their risks for people and the environment. The plant extraction business provides its expertise in the identification of the molecules of interest in various plants, while the Biocide Formulation division works on optimizing use of the precise dose of molecules from synthesis chemistry, thanks to the synergy between the two technologies.

5.2. Segment data in figures

Exercice 2021

Données bilantielles	Formulation	Extraction végétale	Total
Écarts d'acquisition	12 837	16 727	29 563
Relation Client	5 851	11 798	17 649
Marques	3 400	200	3 600
Autres immobilisations incorporelles	2 829	1 255	4 084
Immobilisations corporelles	4 533	8 938	13 472
Besoin en fonds de roulement	5 094	3 529	8 623
Trésorerie et équivalents de trésorerie	9 960	5 641	15 602
Dettes financières	17 335	2 662	19 997

Exercice 2021	2021 Fiscal year
Données bilantielles	Balance sheet data
Formulation	Formulation
Extraction végétale	Plant extraction
Total	Total
Ecart d'acquisition	Goodwill
Relation Client	Customer relationships
Marques	Brands
Autres immobilisations incorporelles	Other intangible assets
Immobilisations corporelles	Property, plant and equipment
Besoin en fonds de roulement	Working capital requirement
Trésorerie et équivalents de trésorerie	Cash and cash equivalents
Dettes financières	Financial liabilities

Données du compte de résultat	Formulation	Extraction végétale	Total
Chiffre d'affaires (détail fourni dans le point suivant)	26 232	12 288	38 519
EBITDA ⁽¹⁾	5 267	2 291	7 558
Dotations nettes aux amortissements et dépréciations	-1 472	-1 617	-3 088
Résultat d'exploitation	3 499	971	4 470

(1) L'EBITDA est calculé comme suit : (i) produits d'exploitation diminués (ii) des achats et des charges externes, (iii) des charges de personnel et (iv) des autres charges.

Données du compte de résultat	Income statement data
Formulation	Formulation
Extraction végétale	Plant extraction
Total	Total

Chiffre d'affaires (détail fourni dans le point suivant)	Turnover (broken down in the following point)
EBITDA (1)	EBITDA (1)
Dotations nettes aux amortissements et dépréciations	Net depreciation and amortization
Résultat d'exploitation	Operating income
(1) L' EBITDA est calculé comme suit : (i) produits d'exploitation diminués (ii) des achats et des charges externes, (iii) des charges de personnel et (iv) des autres charges.	(2) EBITDA is calculated as follows: (i) operating income less (ii) purchases and external expenses, (iii) personnel expenses and (iv) other expenses.

5.3. Breakdown of turnover by business sector

For information, the breakdown of revenue amounts below corresponds to 12-month data. The total over 12 months is €46,066 thousand. The 12-month consolidated income statement shows an amount of €38,519 thousand. The difference corresponds to transactions between January 1, 2021 and March 8, 2021.

	En milliers d'euros	En % du chiffre d'affaires
Alimentaire et travail à façon	2 479	5%
Cosmétique	4 204	9%
Complément nutritionnel	7 738	17%
Autres	142	0%
Extraction végétale	14 563	32%
Construction	19 804	43%
Coatings	5 970	13%
Pest control	5 389	12%
Suractiveurs	26	0%
Autres	314	1%
Formulation	31 503	68%
Total Chiffre d'affaires	46 066	100%

En milliers d'euros	In thousands of euros
En % du chiffre d'affaires	As % of turnover
Alimentaire et travail à façon	Food & sub-contracted work
Cosmétique	Cosmetics
Complément nutritionnel	Nutritional supplements
Autres	Other
Extraction végétale	Plant extraction
Construction	Construction
Coatings	Coatings

Pest control	Pest control
Suractivateurs	Boosters
Autres	Other
Formulation	Formulation
Total Chiffre d'affaires	Total turnover

6. Other information

6.1 Headcount

As of December 31, 2021, the average headcount was 169. It breaks down as follows:

Category:	Headcount
Managers	56
Maintenance workers	48
Employees	27
Workers	38
Total	169

6.2 Statutory Auditors' fees

Statutory Auditors' fees amounted to €113 thousand for the audit of the Group's annual and consolidated financial statements as of December 31, 2021.

6.3. Compensation of corporate officers

	Amounts (in € thousand)
Total amount of compensation allocated to members of the administrative bodies	36
Total amount of compensation allocated to members of the management bodies	①
Total amount of compensation allocated to members of the supervisory bodies	-
TOTAL	36

The compensation allocated to the Board of Directors corresponds to directors' fees

① - The compensation of the members of the management bodies is not disclosed as this would indirectly lead to the disclosure of individual compensation.

7. Events subsequent to the closing of the annual consolidated financial statements

The tax consolidation group of which BERKEM DÉVELOPPEMENT was the head of the group came to an end on December 31, 2021. A new tax consolidation group was created on January 1, 2022. The head company of this new group is GROUPE BERKEM, registered with the Bordeaux Trade and Companies Register under number 820 941 490. The companies included in the scope of the tax consolidation are ADKALIS, BERKEM, BERKEM DÉVELOPPEMENT, EUROLYO and LIXOL.

On February 24, 2022, Russia declared war on Ukraine, triggering a major crisis. On an international level, the economic and financial impacts are expected to be significant.

According to management, the war in Ukraine has no immediate impact on the activity of the Group's companies as there is no relationship with Ukraine and Russia.

In the long term, some raw material supplies could be impacted.

8. Off-balance sheet commitments

8.1 Ratio compliance

The Group is subject to compliance with the following ratios for its financial commitments:

The group is subject to the following ratios in respect of its financial commitments to senior lenders:

- Financial leverage ratio (Consolidated net financial debt / consolidated EBITDA):
 - ≤ 2 for 2021 and subsequent years;
- Debt service coverage ratio $\geq 1.10x$.

8.2. Commitments given

COMMITMENTS GIVEN

		€13,011 thousand
<hr/>		
Company concerned		
	Cash collateral given on BPI financing	100
BERKEM DÉVELOPPEMENT	Pledge of securities of subsidiaries as collateral for the senior loan granted by Crédit Agricole Aquitaine, Caisse d'Épargne Aquitaine Poitou-Charentes and Banque Populaire Centre Atlantique	12,171
	<hr/>	
LIXOL	Tier 1 lender's lien for an equipment loan granted by Caisse d'Épargne Aquitaine Poitou-Charentes	740
	<hr/>	

8.3. Commitments received

COMMITMENTS RECEIVED		€3,862 thousand
<hr/> Company concerned <hr/>		
ADKALIS	State guarantee for Banque Palatine loan up to 90%	540
	State guarantee for Banque Crédit Coopératif loan up to 90%	450
BERKEM	State guarantee for the Banque Populaire Aquitaine Centre Atlantique loan up to 90%	540
	Fonds National de Garantie de Prêt Croissance Industrie 2 guarantee for the BPI loan up to 80%	490
	Caisse Mutuel Garant INDUST MECA guarantee for the equipment loan up to 30%	113
LIXOL	State guarantee for loan from Caisse d'Epargne up to 90%	450
		225
BERKEM	State guarantee for Crédit Agricole loan up to 90%	394
DÉVELOPPEMENT	Fonds National de Garantie "Garantie Atout ETI" guarantee for BPI financing up to 90%	660
	State for Banque Palatine loan for 90%	660

6.2. [PRO FORMA FINANCIAL INFORMATION AT DECEMBER 31, 2021](#)

Groupe **berkem**[®]

BERKEM

**PRO FORMA FINANCIAL INFORMATION
AT DECEMBER 31, 2021**

GROUPE BERKEM

20, rue Jean Duvert
33290 BLANQUEFORT, FRANCE

2. Context of the pro forma financial information

A contribution-sale of securities in BERKEM DÉVELOPPEMENT was carried out by HOF to GROUPE BERKEM on March 8, 2021. On this date, the latter became the holding company of BERKEM DÉVELOPPEMENT.

This contribution-sale involved 33,485,060 ordinary shares of BERKEM DÉVELOPPEMENT, i.e. 81% of the capital and voting rights. In consideration for this contribution, GROUPE BERKEM carried out a capital increase of €29,135 thousand.

The remainder of the BERKEM DÉVELOPPEMENT shares held by HOF were acquired by GROUPE BERKEM. This sale operation involved 5,014,938 shares of BERKEM DÉVELOPPEMENT, i.e. approximately 12% of the capital and voting rights of the company.

BERKEM DÉVELOPPEMENT is the parent company of the sub-group made up of the following entities:

- ADKALIS, wholly-owned;
- LIXOL LABORATOIRE FRANÇAIS DU SUD-OUEST, wholly-owned;
- BERKEM, held at 95%;
- EUROLYO, wholly owned by Berkem.

The unaudited pro forma income statement of financial position has been prepared to reflect the effects of the acquisition as if it had been completed on January 1, 2021. The data presented in this pro forma correspond to the twelve months of activity of each of the Group companies, i.e. flows from January 1, 2021 to December 31, 2021.

3. Basis of preparation

The unaudited pro forma consolidated financial information presented was prepared in accordance with the Delegated Regulation (EU) on prospectuses No. 2019/980 and the ESMA guidelines on prospectuses of July 2020 and the position recommendation No. 2021-02. It consists of the unaudited pro forma consolidated income statements for the year ended December 31, 2021. The pro forma financial information has been prepared on the basis of assumptions summarized below and should be read in conjunction with the audited consolidated financial statements of Groupe Berkem at December 31, 2021.

The unaudited pro forma consolidated financial information is presented in thousands of euros and reflects the acquisition of Berkem Développement as if the transaction had been completed on January 1, 2021.

The pro forma financial information does not reflect any restructuring expenses or integration costs likely to result from the acquisition. It also does not reflect any savings potentially achievable through the elimination of certain expenses or resulting from operational and tax synergies. No standardization of accounting rules and methods has been carried out.

The unaudited pro forma financial information is presented for illustration purposes only and is not necessarily an indication of the net income that the consolidated company would have achieved had the acquisition been finalized on January 1, 2021. Nor is it an indication of the future net income of the consolidated company. The pro forma adjustments, which are detailed below, are based on the information available to date, as well as certain assumptions and estimates deemed reasonable by Groupe Berkem:

- Interim net income: interim net income was calculated based on the unaudited interim financial statements of all Group entities for the two-month period ended February 28, 2021.

4. Pro forma consolidated financial information

	Interim net income 02/28/21 <i>(2 months)</i>	Consolidated financial statements 12/31/2021 <i>(10 months)</i>	Pro forma consolidated financial statements 12/31/2021 <i>(12 months)</i>
Turnover	7,547	38,519	46,066
Sale of goods	-4	31	27
Production sold (goods)	7,523	35,192	42,715
Production sold (services)	28	3,296	3,325
Capitalized production	157	1 568	1,725
Production in inventory	-373	902	529
Operating subsidies	130	592	722
Reversals of impairment and provisions	42	569	611
Other income	7	0	6
Other operating income	16	1,034	1,050
Operating income	7,525	43,184	50,709
Purchases consumed			
Purchasing of raw materials & other supplies	-3,286	-16,485	-19,770
Change in inventory (raw materials)	237	126	363
External expenses	-1,113	-7,822	-8,935
Taxes and duties	-58	-730	-788
Wages and salaries	-1,126	-6,820	-7,947
Social security expenses	-479	-2,951	-3,430
Other personnel expenses	-3	-90	-93
Depreciation, amortization and provisions	-590	-3,657	-4,247
<i>Depreciation and amortization of fixed assets</i>	-244	-2,855	-3,099
<i>Other allocations</i>	-346	-802	-1,148
Other operating expenses	-16	-285	-301
Operating expenses	-6,434	-38,715	-45,149
Operating income	1,091	4,469	5,560
Financial income	0	142	142
Financial expenses	-349	-2,559	-2,908
Net financial income	-350	-2,417	-2,766
Current net income of consolidated companies	741	2,053	2,794
Non-recurring income	64	354	418
Non-recurring expenses	-24	-1,691	-1,715
Non-recurring income	40	-1,337	-1,297
Net income before income tax and profit-sharing	781	716	1,497
Income tax	-212	-558	-770
Net income of consolidated companies	568	159	727
Share of net income of equity-accounted companies			
Amortization of goodwill			

Net income of the consolidated group	568	159	727
Non-controlling interests	176	17	193
Net income (attributable to owners of the parent)	393	141	534

7. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2021

Statutory Auditors' report on the consolidated financial statements

Fiscal year ended December 31, 2021

To the Shareholders' Meeting

GROUPE BERKEM

SA with share capital of €9,791,309

20 rue Jean Duvert, 33290 BLANQUEFORT

Opinion

In execution of the mission entrusted to us by your Shareholders' Meeting, we have audited the consolidated financial statements of GROUPE BERKEM for the fiscal year ended December 31, 2021, as attached to this report.

We certify that the consolidated financial statements are, in accordance with French accounting rules and principles, accurate and fair and give a true image of the results of operations for the past fiscal year as well as of the financial position and assets at the end of the fiscal year of the group comprised of the entities included in the consolidation.

Basis for the opinion

Audit framework

We have performed our audit in accordance with the professional standards applicable in France. We believe that the information we have collected is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the “Statutory Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements” section of this report.

Independence

We have carried out our audit assignment in compliance with the rules of independence provided for by the French Commercial Code and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, covering the period from March 8, 2021 to the date of publication of our report.

Rationale for the assessments

The global crisis linked to the COVID-19 pandemic has created particular conditions for the preparation and audit of the financial statements for this fiscal year. This crisis and the exceptional measures taken in the context of the public health state of emergency are indeed generating multiple consequences for businesses, in particular in terms of their activity and funding, as well as heightened uncertainty surrounding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organization of companies and on the way in which audits are carried out.

It is in this complex and changing context that, in accordance with the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we hereby inform you that the most significant assessments made by us, in our professional judgment, concerned the appropriateness of the accounting principles applied.

These assessments have been made in the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on the elements of these consolidated financial statements taken in isolation.

Goodwill, the net amount of which shown on the balance sheet at December 31, 2021 was €29,693 thousand, was tested for impairment in accordance with the procedures described in sections “2.3.3 Goodwill” and “3.1 Intangible assets” of the notes to the consolidated financial statements. We have examined the methods used to implement these tests as well as the cash flow forecasts and assumptions used and verified that the notes to the consolidated financial statements provide appropriate information. As part of our assessments, we have verified the reasonableness of these estimates. These estimates are based on assumptions that are inherently uncertain, as actual results may differ significantly from the forecast data used.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by the laws and regulations of the information relating to the group provided in the management report of the Board of Directors.

We have no observations to make as to their fair presentation and consistency with the consolidated financial statements.

Responsibilities of management and of those charged with corporate governance relating to the financial statements

It is the responsibility of management to prepare consolidated financial statements that present a true and fair view in accordance with French accounting standards and to implement the internal control that it deems necessary to prepare consolidated financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, it is the responsibility of management to assess the company's ability to continue as a going concern, to present in these financial statements, where applicable, the necessary information relating to the going concern and to apply the going concern accounting policy, unless it is planned to liquidate the company or to cease trading.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors in relation to the audit of the consolidated financial statements

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements as a whole are free from any material misstatements. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that any audit carried out in accordance with professional standards is systematically able to detect all material misstatements. Misstatements may be due to fraud or result from errors and are considered as material when it can be reasonably expected that they may, taken individually or on aggregate, influence the investment decisions made by users of the financial statements on the basis thereof.

As stipulated by Article L.823-10-1 of the French Commercial Code, our task consisting of the certification of the financial statements does not consist of guaranteeing either the viability or the quality of the management of your company.

In the context of an audit carried out in accordance with the professional standards applicable in France, statutory auditors exercise their professional judgment throughout this process.

In addition:

- they identify and assess the risks that consolidated annual financial statements could contain material misstatements, whether due to fraud or error, define and implement audit procedures to address these risks, and collect any information that they consider sufficient and appropriate to provide a basis for their opinion. The risk of failing to detect a material misstatement resulting from fraud is higher than that of failing to detect one resulting from an error as fraud may imply collusion, forgery, voluntary omissions, false statements, or the avoidance of internal controls;

- they familiarize themselves with the relevant internal controls for the audit in order to define the audit procedures appropriate in the circumstances, and not with the aim of expressing an opinion on the effectiveness of such internal controls;
- they assess the appropriateness of the accounting methods retained and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the consolidated financial statements;
- they assess the appropriateness of the application by management of the accounting policy relating to a going concern and, according to the information gathered, whether or not there are any material uncertainties linked to events or circumstances liable to impact the company's capacity to continue as a going concern. This assessment is based on the elements gathered up to the date of their report, it being however noted that subsequent events or circumstances could call into question the continuity of the business. If they conclude that a material uncertainty does exist, they draw the attention of the readers of their report to the information provided in the consolidated financial statements about this uncertainty or, if such information is not provided or not relevant, they refuse to certify the financial statements or do so with a reservation;
- they assess the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect the underlying transactions and events in such a way as to give a true and fair view;
- concerning the financial information of the persons or entities included in the scope of consolidation, they collect the elements they consider sufficient and appropriate to express an opinion on the consolidated financial statements;
- they are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed in relation thereto.

Le Tourne and Bordeaux, on April 29, 2022

Statutory Auditors

FOR DEIXIS,

Nicolas de Laâge de Meux

Partner

FOR VS AUDITEX

Simon Vezin

Partner

8. STATUTORY AUDITORS' SPECIAL REPORT ON THE RELATED-PARTY AGREEMENTS

Statutory Auditors' report on related-party agreements

Fiscal year ended December 31, 2021

To the Shareholders' Meeting

GROUPE BERKEM SA

20 rue Jean Duvert, 33290 BLANQUEFORT

In our capacity as statutory auditors of your company, we hereby present our report on related-party agreements to you.

It is our responsibility to inform you, on the basis of the information provided to us, of the characteristics and essential terms of the agreements of which we have been informed or that we may have discovered in the course of our assignment, without having to comment on their usefulness and appropriateness or to seek the existence of other agreements. It is your responsibility, in accordance with the terms of Article R. 225-31 of the French Commercial Code, to assess the benefits of entering into these agreements with a view to their approval.

In addition, it is our responsibility, where applicable, to provide you with the information provided for in Article R. 225-31 of the French Commercial Code relating to the performance over the past fiscal year of any agreements already approved by the Shareholders' Meeting.

We have performed the procedures deemed necessary by us in accordance with the professional standards of the French National Association of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this assignment.

AGREEMENTS SUBMITTED FOR APPROVAL BY THE SHAREHOLDERS' MEETING

Agreements authorized and entered into during the past fiscal year

We hereby inform you that we have not been given notice of any agreement authorized and entered into during the past fiscal year to be submitted for the approval of the Shareholders' Meeting in application of the provisions of Article L. 225-38 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

We hereby inform you that we have not been given notice of any agreement previously approved by the Shareholders' Meeting the performance of which may have continued during the past fiscal year.

Le Tourne and Bordeaux, on April 29, 2022

Statutory Auditors

FOR DEIXIS,

Nicolas de Laâge de Meux

Partner

FOR VS AUDITEX

Simon Vezin

Partner

9. GENERAL INFORMATION

9.1. SHAREHOLDERS' NOTEBOOK

The Company's shares are listed on the Euronext Growth® Paris market.

ISIN code: FR00140069V2

Ticker code: ALKEM

Classification: 55201000 - Chemicals

LEI: 96950003311Y9I2ZN360

9.2. CONTACT

The Company's registered office is located at 20, rue Jean Duvert, 33290 Blanquefort, France.

Telephone: +33 (0)5 64 31 06 60

E-mail address: berkem@berkem.com

Website: <https://www.groupeberkem.com/fr/>

10. CROSS-REFERENCE TABLE

In order to facilitate the reading of this document, the cross-reference tables below make it possible to identify, in this annual financial report, the information that should be included in the management report.

No.	Required items	Reference number (Chapter/Section)
I	ANNUAL FINANCIAL REPORT	
1	Annual financial statements	4
2	Consolidated financial statements	6
3	Statutory Auditors' report on the annual financial statements	5
4	Statutory Auditors' report on the consolidated financial statements	7
5	Management report	See II of this cross-reference table
6	Board of Directors' report on corporate governance prepared in accordance with the final paragraph of Article L. 225-37 of the French Commercial Code	See III of this cross-reference table
7	Declaration by the persons responsible for the annual financial report	1
9	Statutory Auditors' report on corporate governance prepared in accordance with Article L. 225-235 of the French Commercial Code	5
II	MANAGEMENT REPORT	
1	Situation and activity of the Company and the Group during the past fiscal year and, where applicable, of its subsidiaries and the companies it controls	2.1.1.1
2	Results of the activity of the Company, its subsidiaries, and the companies they control	2.1.1. / 2.1.6
3	Key financial and, where applicable, non-financial performance indicators relating to the specific activity of the Company and the Group	2.1.7
4	Analysis of changes in business, results, and financial position (in particular, the debt situation)	2.1.6

5	Description of the main risks and uncertainties (including exposure to financial and market risks)	2.1.9
6	Information on the use made of financial instruments and on the Company's objectives and policy in terms of financial and market risk management	2.1.10
7	Significant events since the closing date	2.1.3
8	Foreseeable changes	2.1.2
9	Research and development activities	2.1.4
10	Existing branches	2.1.5
11	Report on employee profit-sharing, transactions carried out in respect of stock options or stock subscriptions reserved for employees and transactions carried out in respect of the allocation of free shares to employees	2.4.3 / 3.5
12	Transactions in Company shares carried out by executives	2.4.5
13	Equity investments in companies having their registered office in France and representing more than one-twentieth, one-tenth, one-fifth, one-third, one-half or two-thirds of the share capital or voting rights of these companies	2.1.10.1
14	Disposals of shares in order to regularize cross-shareholdings	2.1.10.3
15	Individuals or legal entities directly or indirectly holding more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights of the Company at General Meetings	2.4.1
17	Elements of calculation and results of the adjustment of the bases of conversion or exercise of the transferable securities giving access to the share capital and of the options to subscribe for or purchase shares	2.2.7
18	Information on share buyback programs	2.4.4
19	Table of the Company's results over the last five fiscal years	2.2.5
20	Amount of dividends distributed over the last three fiscal years and dividends eligible for the 40% rebate	2.2.2

21	Loans of less than three years granted by the Company, on an ancillary basis to its main activity, to micro-enterprises, SMEs or intermediate-sized companies with which it has economic ties justifying such loans	2.2.6
22	Information on non-tax deductible sumptuary expenses (Article 223 quater of the French General Tax Code)	2.2.3
23	Breakdown of trade payables and trade receivables (Article D. 441-4 of the French Commercial Code)	2.2.4
24	Related-party transactions	3.2
III	Report of the Board of Directors on corporate governance	
1	Composition of the Board	2.3.1
3	List of offices and positions held in any company by each corporate officer during the past fiscal year	3.1
5	Agreements entered into between a corporate officer or a significant shareholder and a subsidiary of the Company	3.2
7	Summary table of current delegations for capital increases	3.4
8	General management of the Company (in the event of a change only)	2.3.3
9	Corporate Governance Code, provisions excluded and reasons for such exclusion	2.3.5